European Commission
Directorate-General for Agriculture (DGVI)

The Common Agricultural Policy

ATTITUDES OF EU CONSUMERS TO FAIR TRADE BANANAS

Contents

1. THE OBJECTIVE OF THE SURVEY

This document presents the main findings of an opinion poll conducted in early 1997 in all 15 European Union Member States to investigate public attitudes to ***fair trade*** bananas. The survey was designed to provide some indications of the likely consumer demand for such a product, and to inform both the Commission and others interested *in. fair trade* bananas of the views of EU citizens This will enable any future activities or initiatives concerning ***fair trade*** bananas to be effectively focused and designed for maximum impact and effectiveness.

The survey questions focused on consumer awareness and experience of the ***fair trade*** concept, and the potential demand for ***fair trade*** bananas. The survey was not intended to address supply side issues such as the attitudes of producers and traders, who would also play a key role in the success of any initiatives to market ***fair trade*** bananas. For the potential identified by the survey to be achieved, ***fair trade*** bananas would have to be available under the right conditions, i.e. to be of comparable quality to standard bananas and easily available to shoppers.

2. WHAT IS FAIR TRADE?

The ***fair trade*** concept has been developing in western nations throughout the past 30 years, in response to a growing recognition of the inequalities existing in trade relationships between developed and developing nations.

The objective ***of fair trade*** is to ensure that producers receive a price which reflects an adequate return on their input of skill, labour and resources, and a share of the total profit commensurate with their input. ***Fair trade*** recognises that production systems which meet specified social and environmental standards, and therefore provide better conditions for fanners and workers, are likely to have higher costs, for example in terms of wages, social costs and environmental protection. ***Fair trade*** provides a financial return to the producer which helps cover the cost of these improved standards.

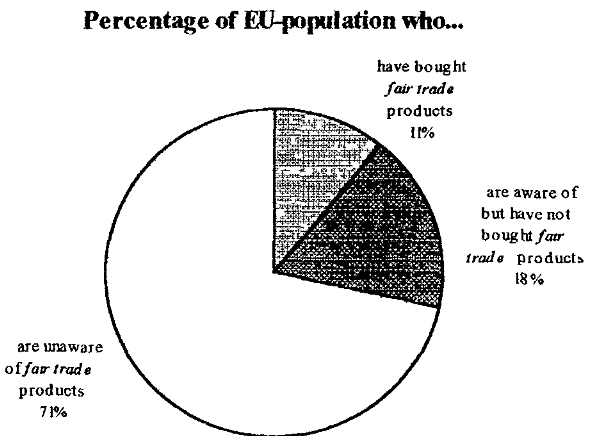
Fair trade labels are awarded to goods imported from developing countries which have been produced according to social and environmental criteria based on international instruments such as the ILO (International Labour Organisation) Conventions and the United Nations' Agenda 21 recommendations. The criteria cover for example, such things as employment conditions, controls to prevent pesticides from contaminating rivers and drinking water, and the protection of natural ecosystems. Appropriate criteria are established for each product by international organisations such as FLO (the Fair Trade Labelling Organisation), who are also responsible for monitoring and control of producers and traders applying to *use fair* ***trade*** labels to ensure that the conditions are strictly respected.

The ***fair trade*** symbol is displayed on the packaging, certifying that the production and marketing processes respect ***fair trade*** standards. The label is additional to other labelling information requirements, such as quality classification and origin, which are governed by the normal statutory rules. By buying products carrying ***a fair trade*** label the customer can help improve the living and working conditions of producers in developing countries. Tills gives ordinary western consumers the power to make a difference to trading relationships by voting with their shopping lists. Major retailers are very sensitive to their customers' demands, and consumer power can influence them to stock certain products.

3. CONSUMERS' PREVIOUS EXPERIENCE OF FAIR TRADE PRODUCTS

The survey showed that overall, 29% of the EU population knew of the existence ***of fair trade*** products, and 11% had previously bought at least one such product, as shown in Figure 1 (The 5% who did not know, have been included as "unaware" in Figure 1) The overall awareness of the ***fair trade*** concept in each Member State is shown in Figure 2, whilst Figure 3 shows the percentage of the population in each Member State who had already purchased ***fair trade*** products

FIGURE 1 : AWARENESS OF FAIR TRADE



There are clear differences in the levels of awareness and experience *of fair* ***trade*** products between Member States In general terms, there is a greater awareness and experience of ***fair trade*** products in the northern and central Member States, whereas the concept is very little known in the Mediterranean Member States

Only 13% of French, Greek or Portuguese citizens had ever heard of the concept ***of fair trade,*** and only 3-4% had ever purchased any ***fair trade*** goods In contrast, the highest figures were recorded in the Netherlands where 86% of Dutch consumers were aware *of fair* ***trade*** goods, and 47% had actually bought them

The percentage of consumers aware of the concept ***of fair trade*** who then actually go and ***buy fair trade*** products also varies between countries, as shown in Figure 4 This implies that it is not simply the level of awareness of the issue which determines consumers' propensity to purchase ***fair trade*** products, but also other attitudes, and that these too, vary considerably between Member States Whereas one out of every two consumers in the Netherlands and Luxembourg who knew about fair ***trade*** bought fair ***trade*** products, less than one in five Spanish consumers and only one in four in Portugal or Greece who were aware of the concept had ever bought any ***fair trade*** products

FIGURE 2 : PERCENTAGE OF THE POPULATION AWARE OF FAIR TRADE

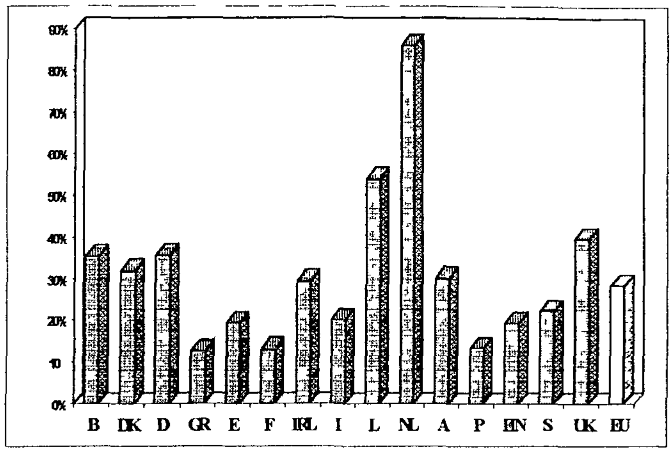


FIGURE 3 : PERCENTAGE OF THE POPULATION WHO HAD PURCHASED FAIR TRADE PRODUCTS

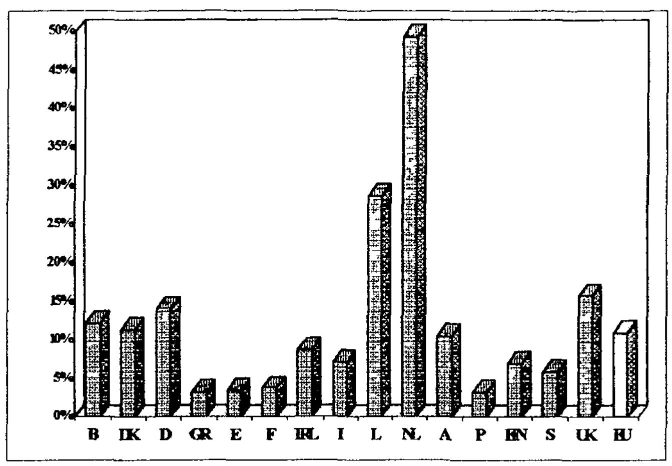
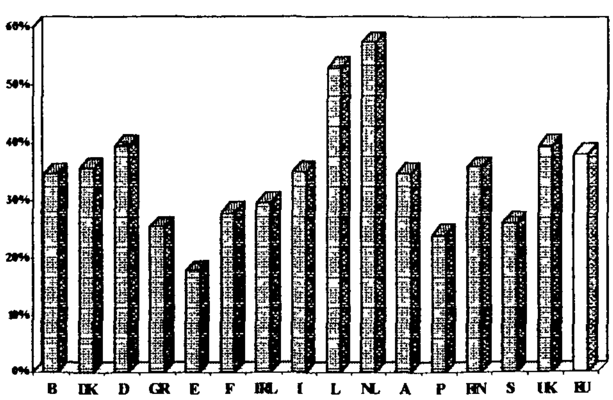


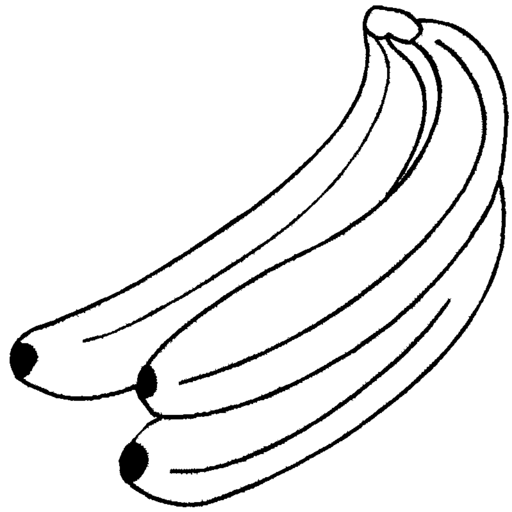
FIGURE 4 : PERCENTAGE OF CONSUMERS AWARE OF FAIR TRADE WHO HAVE ACTUALLY PURCHASED FAIR TRADE GOODS



4. CONSUMERS-WILLINGNESS TO PURCHASE *FAIR TRADE* BANANAS

1) at the same price as "standard" bananas

EU consumers declared themselves to be very willing to buy ***fair trade*** bananas, with almost three-quarters (74%) of the population saying they would buy them if they were available at the same price and quality as the bananas they normally buy The results are shown in Figure 5, and it can be seen that the highest proportion, 87%, was recorded in Sweden, and the lowest percentage in Austria (57%)

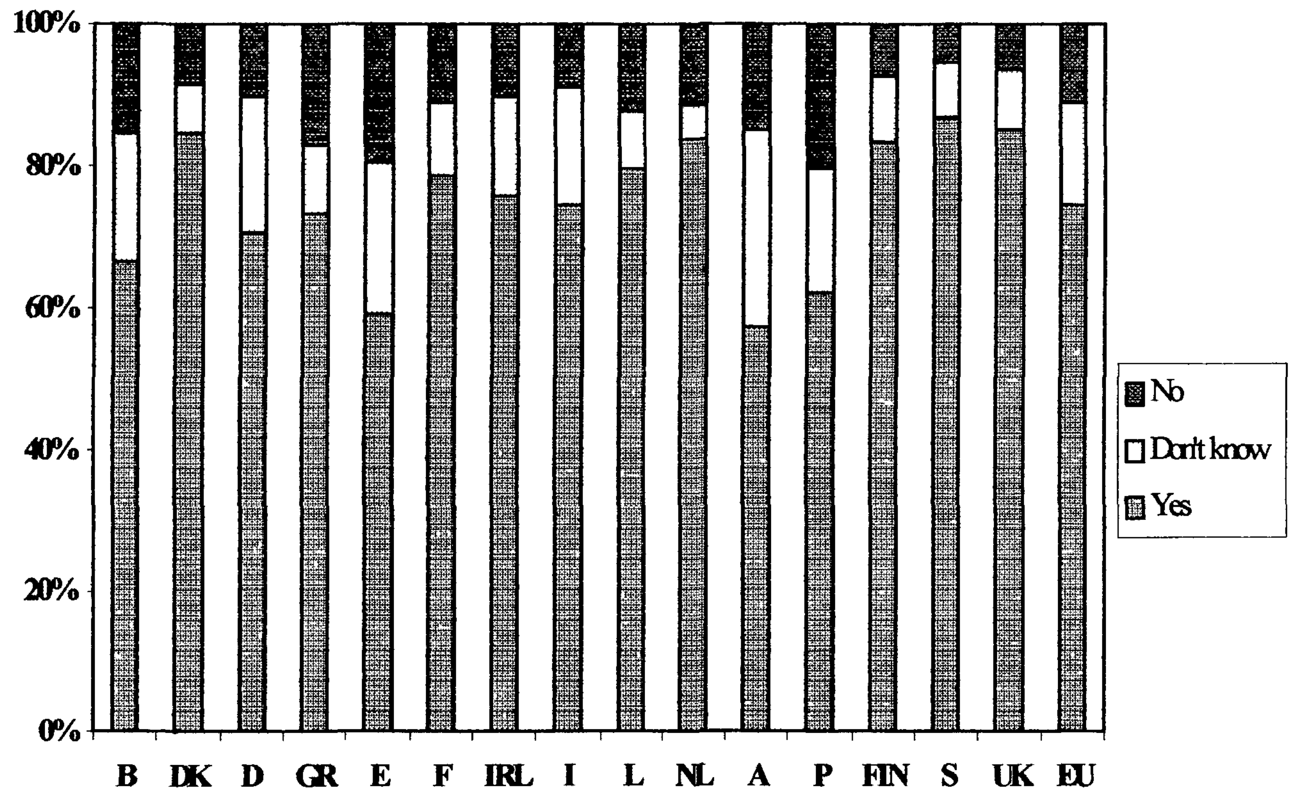


Only 11% said they would not buy fair ***trade*** bananas, with the two main groups here being those that do not buy bananas at all (3 3%) and consumers, mainly in Spain, who only buy home-produced bananas The remaining 15% of the population (including 27% of Austrians) did not know whether they would be interested or not)

11) at a pnce premium compared to "standard" bananas

Over one third of the EU population said they would be prepared to pay a premium above the price of normal bananas for ***a fair trade*** product When questioned about the level of premium they would be prepared to pay, 37% said they would pay 10% more, 11% of respondents 20% more, and 5% said they would still buy at a 30% premium above standard bananas

FIGURE 5 : CONSUMERS' WILLINGNESS TO BUY FAIR TRADE

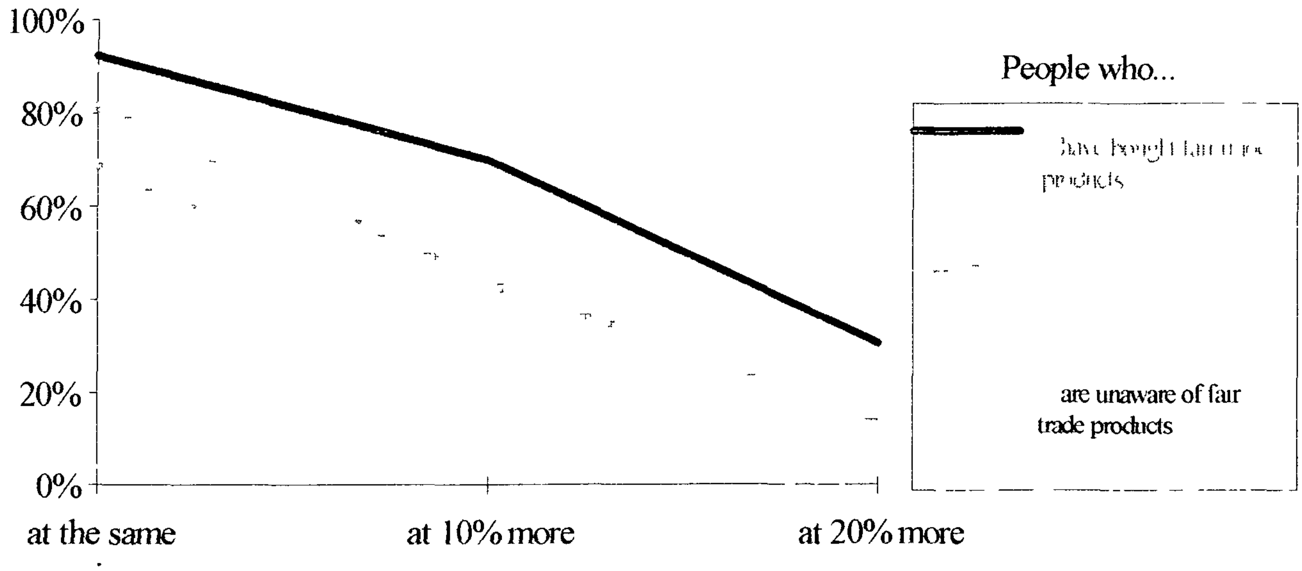


5. LINKS BETWEEN PREVIOUS EXPERIENCE OF FAIR TRADE AND WILLINGNESS TO BUY *FAIR TRADE* BANANAS

When respondents declared willingness to buy ***fair trade*** bananas was compared with the level of previous experience of purchasing ***fair trade*** products, a clear trend emerged People who had already bought other ***fair trade*** products are more likely to buy ***fair trade*** bananas, and are more willing to pay more for them, as shown in figure 6

70% of the consumers who were completely unaware of the existence *of fair trade* products said they would *buy fair trade* bananas at the same price and quality as normal bananas On the other hand, 93% of those who had already bought *fair* ***trade*** goods said they would buy ***fair trade*** bananas, and 70% ot these consumers were prepared to pay a 10% price premium over the price of standard bananas

FIGURE 6 : EFFECT OF PREVIOUS EXPERIENCE OF FAIR TRADE ON INTEREST IN FAIR TRADE BANANAS



The correlations found between consumers' willingness to pay a premium ***for fair trade*** bananas and previous experience are even more sinking When replies are broken down further, taking into account the amount of previous ***fair trade*** purchases it emerges that 76% of those with considerable experience ***of fair trade*** products are willing to pay 10% more, and 19% are prepared to pay a 10% premium, compared to only 10% and 3% respectively of those who were unaware of the concept ***of fair trade.***

Whilst a degree of overstatement in the responses particularly at low levels of awareness/experience, would be expected, the existence of these clear relationships shows that those who would be expected to be least interested have indeed been prepared to give negative answers, and this therefore lends support to the overall picture recorded in the survey responses

6. OUTLETS AND AVAILABILITY OF *FAIR TRADE* PRODUCTS

The most common outlets where consumers had previously purchased ***fair trade*** products were Third World Shops and supermarkets It was noticeable that whereas those with most experience (assumed to be the most dedicated ***fair trade*** shoppers) cited the former most frequently, consumers with limited experience ***of fair trade*** purchases cited supermarkets This suggests that there is a body of consumers who are positively disposed towards fair ***trade*** products, but not sufficiently dedicated to search them out in specialist shops, and that to reach this potential market, die product must be available through supermarkets

This is also supported by the findings from the Netherlands, where the highest percentages *of fair* ***trade*** purchase were recorded (49%). in tandem with high availability through supermarket chains (57% of consumers had bought *fair* ***trade*** products at a supermarket) suggesting that a considerably higher proportion of the population is prepared to buy ***fair trade*** goods it the products are easily available

When those consumers who said they would buy ***fair trade*** bananas were asked where they would want to buy them, supermarkets were clearly the most popular choice, followed by greengrocers Consumers in the Member States demonstrating high levels of previous experience and high levels of willingness to purchase ***fair trade*** bananas expressed a clear preference for supermarkets as retail outlets

Shoppers who would prefer to buy from greengrocers are less prepared to pay a price premium than supermarket shoppers

Consumers' expectation and/or preference ***for fair trade*** bananas to be available in supermarkets is considerably higher amongst those with some experience of buying ***fair trade*** products, than amongst those who are unaware of the concept This may be because unaware ness of the existence ***of fair trade*** products is combined with lack of understanding of potential outlets/commerce, and so these consumers might not think it possible to find such products in mainstream outlets Thus the responses may under represent consumers' preference for supermarket purchase

It seems clear from the survey that for consumers to be prepared to exercise the preferences they state, certain conditions must be fulfilled Firstly, ***fair trade*** bananas **must** be widely and easily available from mainstream outlets, i e supermarkets Secondly they must be of a similar quality to standard bananas

Thirdly, in order for consumers to be able to exercise then-declared preference ***for fair trade*** bananas, the product must be clearly identifiable and they must be able to buy with confidence This requires labelling which clearly identifies ***fair trade*** bananas as distinct from the standard product, and which is endorsed and controlled by an independent, reputable and trustworthy organisation

7. SOCIO-ECONQMICS FACTORS

When the survey results were analysed according to socio-economic variables, the respondents' level of education proved to have a significant effect on their experience *affair **trade*** The analysis of the responses by age of the interviewee at completion of full-time education is summarised in Table 1

Awareness and experience also both increase across income groups, but the differences between groups are smaller than those recorded for educational level, suggesting that the principal determinant factor is educational attainment, and the relationship to income is largely induced because higher qualifications are related to higher incomes

TABLE 1 : EFFECT OF LEVEL OF EDUCATION AN AWARENESS AND PURCHASE OF FAIR TRADE PRODUCTS

Age of ending full time education	No	Yes heard	but never bought	and bought
<15	73 9	20 9	14 5	6 4
16-19	66 9	28 2	18 3	9 9
20+	57 0	39 7	20 9	18 8
Still studying	64 5	31 4	19 0	12 4
Average	66 8	28 6	17 7	10 9

Awareness of the concept *of fair **trade*** is strongly correlated with educational attainment, and as educational level increases, so also does the proportion of consumers who act on awareness and actually purchase fair ***trade*** products, resulting in people with higher education being three times as likely to have bought ***fair trade*** products as those who left school at an early age This group were also considerably more prepared to purchase fair ***trade*** bananas

The third socio-economic variable showing a clear relationship with attitudes ***to fair trade*** *is* political orientation Left-of-centre voters were only slightly more aware ***affair trade,*** but had significantly higher levels of previous ***fair trade*** purchases and were significantly more willing to ***buy fair trade*** bananas than "centre" voters Equally, these "centre" voters were both more aware and more likely to have bought ***fair trade*** products than right-of-centre voters

8. ESTIMATES OF POTENTIAL CONSUMER DEMAND FOR FAIR TRADE BANANAS WITHIN THE EU

If the most conservative approach is taken, and potential market share is estimated only from those who have previously actually bought ***fair trade*** products, and also say they would buy ***fair trade*** bananas, figures ot 10% of consumers throughout the EU at price parity, or 7 5% at a price premium of 10% are obtained

These percentages translate into volumes of 400,000 tonnes and 300,000 tonnes respectively (assuming an EU15 total supply of 4 million tonnes) This does not take into account the increased propensity of these consumers to buy bananas (the survey also showed that this group bought more bananas than the EU average)

The volumes above represent a base figure Although there are likely to be some speculative replies amongst the 64% of the total population who have no prior fair ***trade*** putchases but said they would **buy fair *trade*** bananas, undoubtedly a certain percentage of the replies were genuine, and thus the potential market would in fact be higher than the conservative figures presented here

In addition, it should be borne in mind that the group of consumers considered above are not distributed evenly throughout the EU They are located principally in the Benelux countries, Scandinavia, the UK and Germany

In the Mediterranean Member States, where awareness ***of fair trade*** as a concept is very low, it seems that considerable preparatory work in terms of awareness-raising, educational campaigns etc would be required before launching fair ***trade*** bananas onto the market would be a viable commercial proposition

9. CONCLUSION

Ihe survey lends support to the idea that fair ***trade*** bananas could be commercially viable, even at a price premium, within the EU, particularly in some Member States

Currently there is no way for the banana consumer to choose to support one production system over another The introduction ***of fair trade*** labelled bananas onto the EU market would provide one method of recognising that better social and environmental production conditions do incur higher costs A ***fair trade*** system would result In producers participating in the scheme receiving higher prices for their fruit than non-certified producers Since the increased returns are generated from market revenues, as a result of consumer preference, there is no issue of WTO non-compatibility

10. NOTE ON EUROBAROMETER SURVEY DESIGN

The EUROBAROMETER survey was carried out simultaneously in all 15 EU Member States, by INRA (Europe) in early 1997 A representative stratified sample in each country was interviewed, with the results weighted to represent the entire EU population EUROBAROMETER is a standard survey instrument which has been used by the EC for many years to provide information on public opinion within the EU