

Śmigielska, Grażyna; Dąbrowska, Anna; Radziukiewicz, Małgorzata

## Article

# Fair Trade in Sustainable Development. The Potential for Fair Trade Market Growth in Poland

Amfiteatru Economic Journal

## Provided in Cooperation with:

The Bucharest University of Economic Studies

*Suggested Citation:* Śmigielska, Grażyna; Dąbrowska, Anna; Radziukiewicz, Małgorzata (2015) : Fair Trade in Sustainable Development. The Potential for Fair Trade Market Growth in Poland, Amfiteatru Economic Journal, ISSN 2247-9104, The Bucharest University of Economic Studies, Bucharest, Vol. 17, Iss. Special No. 9, pp. 1244-1258

This Version is available at:

<https://hdl.handle.net/10419/168978>

### Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

### Terms of use:

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*



<http://creativecommons.org/licenses/by/4.0/>

## **FAIR TRADE IN SUSTAINABLE DEVELOPMENT THE POTENTIAL FOR FAIRTRADE MARKET GROWTH IN POLAND**

Grażyna Śmigielska<sup>1\*</sup>, Anna Dąbrowska<sup>2</sup> and Małgorzata Radziukiewicz<sup>3</sup>

<sup>1)</sup> *Cracow University of Economics, Poland*

<sup>2)3)</sup> *Institute for Market, Consumption and Business Cycles Research,  
Warsaw, Poland*

---

**Please cite this article as:**

Śmigielska, G., Dąbrowska, A. and Radziukiewicz, M., 2015. Fair Trade in Sustainable Development. The Potential for Fair Trade Market Growth in Poland. *Amfiteatru Economic*, 17 (Special No. 9), pp. 1244-1258

---

**Abstract**

The paper presents the concept of Fair Trade, which is considered an alternative to conventional trade, and becomes increasingly popular in the Western countries. In addition, some results of empirical research, conveyed in Poland and aimed at diagnosis and assessment of Fairtrade products market, are provided. Fair trade is analysed not only in the broad theoretical context which shows its contribution to sustainable development and relation to corporate social responsibility, but also in the framework of supply chains management. The benefits from the Fairtrade label, including transaction costs reduction are indicated. The assumption is that to achieve them, consumer acceptance of the idea and willingness to buy Fairtrade products are necessary. The empirical research was focused on answering the question whether a market niche for Fairtrade goods exists in Poland and how to develop it by the means of communication tools. The market niche, although very small, has been identified and described. It is apparent that, in order to develop it, a public policy, aimed at raising the awareness of Fair Trade idea, is necessary as well as marketing activities like social marketing Internet campaigns and better and more prominently products display.

**Keywords:** Fair Trade, Fairtrade, sustainable development, corporate social responsibility, consumer attitude

**JEL Classification:** F13, O15, M14

---

---

\*Corresponding author, Grażyna Śmigielska - smigielg@uek.krakow.pl

## Introduction

The intense competition for scarce resources and globalization processes which started in the second part of XX<sup>th</sup> century sparked a debate about side effects of these processes which include degradation of natural environment as well as growing disproportion of income between developed and less developed countries. At the end of the century, United Nations and other international institutions alerted world society and launched campaigns towards more sustainable development which meets the needs of current generations without compromising the ability of future generations to meet their own needs. One of the concepts which are often associated with the sustainable development is Fair Trade (FT).

FT is a trading partnership, based on dialogue, transparency and respect, which seeks greater equity in international trade but also labelling initiative. The notion "Fair Trade" refers to general initiative whereas "Fairtrade" is the certification mark managed by Fairtrade International organization which addresses the products to the specific market segment (Dragusanu, Giovannucci and Nunn, 2014). This market segment's consumers "agree" to pay the premium price for the goods to support their producers and the regions they live in as well as to contribute to the environment protection. Goods sold with the FT label include bananas, sugar, cocoa, coffee, flowers, cotton seed and tea and they are produced in three regions: mainly in Africa and the Middle East, but also in Latin America and the Caribbean as well as in Asia and Oceania.

The concept of FT trade is possible to implement in the societies of the countries where consumers have freedom of choice (they are sovereign), they have competences to take rational decisions and take responsibility for them. Its progress, as well as contribution to sustainable development, is monitored in the well developed countries (e.g. Fair Trade USA, 2014) but there is still lack of knowledge as to the situation in so called transition economies like Poland.

In Poland, sustainable development is entered in the Basic Law (Article 5 of the Constitution of the Republic of Poland). This is also the subject of governmental documents; inter alia, *Strategia Edukacyjna Zrównowzonego Rozwoju [Strategy of Education for Sustainable Development]* (Ministerstwo Środowiska, 2008). This opens up the opportunity to introduce the Fair Trade concept to the programmes on sustainable development and sustainable consumption. One of the institutions promoting this idea in Poland is *Polskie Stowarzyszenie Sprawiedliwego Handlu. Trzeci Świat i My* (The Polish Association of Fair Trade. Third World and We). It sells quite a wide range of FT products via the Internet, promotes the whole idea but it does not provide information about consumer attitude which is a key factor of the concept development.

Fair Trade is relatively new, noble and at the same time, controversial. Adherents usually stress the moral, solidarity and ethical aspect of it. Opponents try to prove the harmfulness of FT to the global economy. Certainly it is not the first concept which has tried to reconcile the objective of economic and social activity.

This paper discusses the idea of Fair Trade, sustainable development and corporate social responsibility (CSR) in the context of some challenges of contemporary economy which include the competitiveness of supply chains. Per analogy to CSR it is shown that in supply chains of FT products the reduction of transaction costs is possible. The assumption is made

that in order to be successful the market segment for FT goods must exist. Its identification is the main goal of the research whose methodology and results are presented.

### **1. Fair trade contribution to sustainable development**

Fair Trade is not an organization but rather a movement or general concept which could be traced from XIX century although it has been developed in the Western nations for the last 40 years (Brussels Rural Development Briefings, 2014, p.4). The growing popularity over the last three decades results from “increasing interaction of corporations in its networks and more specifically the fair trade certificate bodies” (Reed, 2009, p. 4). FINE (the name comes from founders - four Fair Trade networking organizations - FLO, IFAT, NEWS, EFTA) has defined FT as a trading partnership, based on dialogue, transparency and respect which seeks greater equity in international trade (Brussels Rural Development Briefings, 2014, p.4). FT tries to become the alternative to conventional trade in a contemporary economy characterized by aggressive competition directed towards cost reduction. Cost reduction in global economy is often achieved by the use of lower-cost labour (Kogut, 1985) by production in or procurement from developing nations (Stefańska and Stefański, 2015, p. 89). It raises the problem of unequal income distribution which makes the rich richer and poor poorer. The aim of FT is to reduce these disproportions.

“Fair trade organizations, backed by consumers, are engaged actively in supporting producers, raising awareness and in campaigning for changes in the rules and practice of conventional international trade” (Fairtrade International, 2013, p.7). The key players are: Fair Trade Producers which usually represent co-operative or associations in developing countries, retailers which sell FT product to the consumers and other organizations e.g. The Fairtrade Labelling Organization. So originally Fair Trade was only a movement whereas now it is institutionalized and organizations labelling the products play an important role. In a narrow sense FT means buying the products from the producers in developing countries on terms that are more favourable than free market terms and marketing those products in developed countries at the “ethical price premium” (De Pelsmacker, Jamssens and Mielants, 2005, p. 51; Stefańska and Nestorowicz, 2015, p. 35).

The FT idea fits perfectly with the concept of sustainable development. This concept was introduced for the first time by the World Commission on Environment and Development in 1987 and it was defined as “Development which meets the needs of current generations without compromising the ability of future generations to meet their own needs” (United Nations, 1987, p.11). The Commission stresses that it means not only counteracting degradation of the environment, but also attitudes towards meeting needs of the society as a whole (fight against destitution and poverty), pursuit to set up the market system based more on cooperation than competition as well as in opposing degradation of the cultural variety and tradition (Dąbrowska et al., 2015).

The milestone for advancement of sustainable development and implementation of its programmes into local life became Agenda 21 which is one of the basic documents of the United Nations Conference on Environment and Development (Earth Summit) which took place in Rio de Janeiro, in 1992 (Percy and Schrock, 2014). The document, and its strategic nature, includes a set of recommendations and direction of measures to be taken for sustainable development in the perspective of the 21<sup>st</sup> Century and how to plan the social and economic development so as not to harm the natural environment. The main presumption of it is that both rich and poor countries have different problems, and their

development is an outcome, *inter alia*, of the lifestyle of residents of a given region. Agenda 21 sets forth for each social group, both formal and informal, an important role in the process of sustainable development. In this sense, it directly concerns consumers.

So FT by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South supports the idea of sustainable development. It is implemented by defining the rules of cooperation between producers, intermediaries and final buyers which protect the weakest partner (Nicholls, 2002, p.7). Contribution to sustainable development is also made by fulfilling several other FT goals like: developing the long term buyer – seller relationships that facilitate greater access to financing for producers, improving working conditions, developing the producer or workers organizations, contributing to the regional development by e.g. donations for education and respecting the environment (Dragusanu, Giovannucci and Nunn, 2014).

As such Fair Trade has become an excellent part of the Millennium Development Goals adopted by the UN in 2000 (UN, 2000), as it contributes to a stable and sustainable development and helps to combat poverty. As stressed by Pongratz-Chander (2014, p. 234) it can be located within the sustainable development approach to development because it recognizes that any project must take into account the social and environmental costs of doing business.

## **2. The economics of Fair Trade**

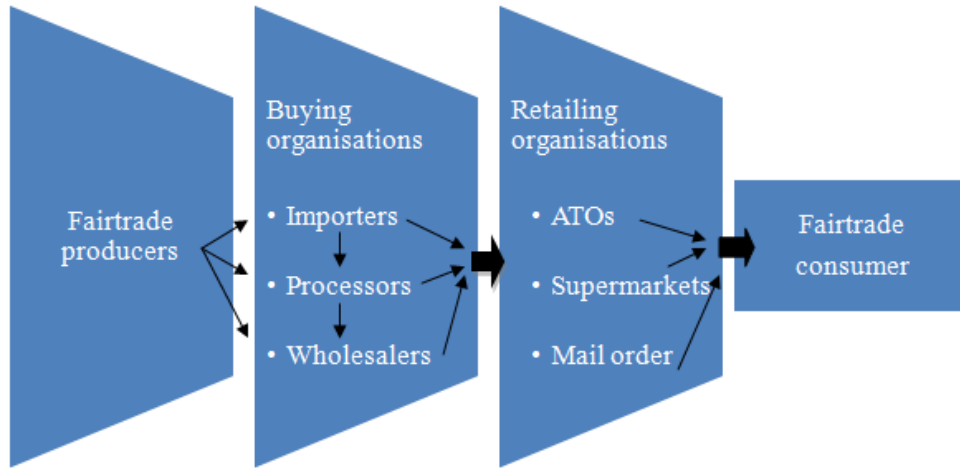
FT is the concept which on one hand operates against the market while on the other it has to use market mechanism to achieve economic goals of sustainable development. Using market mechanism means the Fairtrade goods must be competitive. They have to target the consumers who by their consumer decisions would like to exert a real impact on improvement of living standards of the poorest communities and contribute to protection of the environment.

Nowadays an important role in FT supply chains is played by global retailers. A lot of them are now involved in selling Fairtrade products and include these activities in their corporate social responsibility reports. As the concept of CSR has evolved, many definitions of this term are found in literature (Dahlsrud, 2008), but one of the most cited, which is also recognized by the European Commission sees CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and their interactions with the stakeholders on a voluntary basis” (Commission of the European Communities, 2001, p. 8). So the idea of Fair Trade when applied by corporations becomes part of it.

CSR, as pointed out by Dinu (2011, p.6), “...does not mean charity, nor study for the public relations department, but a smart investment, bringing benefits not only for the company, but also for the entire community, as it contributes towards: improving the relationship with the community (clients, suppliers, authorities); influencing the targeted audience, key leaders, press, etc.”. The CSR strategy should also contribute to company competitive advantage (Porter and Kramer, 2006; Miron, 2011). It raises the question if engagement in selling Fairtrade products could bring profits to the intermediaries.

Taking the view of Christopher (1992) that nowadays competition among individual companies is less important than among the supply chains, managers have to strive to achieve the effective and efficient supply chains which are able to create the competitive advantage (Christopher and Peck, 2004). J.M. Cruz (2009) noticed that companies are more

and more interested in including CSR practices in supply chain management (SCM); therefore CSR in SCM could be considered as the next stage for SCM development (Śmigielska, 2013). Growing interest in FT and the problems of supply chain management encourage Karjalainen and Moxham (2013) to investigate the possibilities of integrating Fair Trade and Supply Chain Management Research. They provide the structure of FT supply chain (figure no. 1):



**Figure no. 1: The structure of FT supply chain**

*Source: Karjalainen and Moxham, 2013*

In this model ATOs represent the alternative trading organizations. It differs from the global supply chains, inter alia, the distance from the producer to the consumer is shortened. It reduces the transaction cost due to good reputation, reduction of uncertainty and improvement of information about the partners in transaction (Vuta et al., 2007).

The concept of transaction cost economics (TCE) has developed since 1937 when R. Coase published his famous paper “The Nature of the Firm” to become one of the most important schools of contemporary economy. R. Coase and then O. Williamson originally applied it mainly to the problems related to choice the governance structure between market and firm, and designing the internal organization of firm (Williamson, 1981). But due to the fact that this concept could be applied to “Any issue that arises as or can be recognized as a contracting problem can be examined to the advantage in TCE terms” (Williamson, 2005, p. 2), it is now applied to many different problems, including vertical cooperation. It is also used to explain a wide range of marketing phenomena, e.g. problems of developing value for the consumers and brand equity.

From the marketing point of view, the reputation, embodied in the Fairtrade label, has similar advantages as an eco-label, which has been identified by Dinu (2012). Referring to FT they include:

- Targeting a sustainable society as it contributes to the better lives of the people living in the poorest regions of the world as well as protecting the environment,
- Promoting good quality products with minimum impact on environment,

- Being the modern marketing tool by which the companies involved in the supply chain inform the consumers from the FT segment about the characteristics of the products which are important for them and in this way reduce their uncertainty.

Such a reputation reduces of transaction costs what gives the economic justification to the costs related to the process of obtaining the Fairtrade label. When applying the arguments of Klein and Leffler (1981) to the consumers of Fairtrade products are willing to pay the premium price for the FT label because with it they get reliable information about the process of their production and distribution which is important for them. So the label as well as visible packing and good exposure in the store assists them greatly in making a choice, reducing time taken in searching for information to a minimum. By buying FT product the consumers justify the safeguard mechanism involved in monitoring, control and labelling the product (Fernández-Barcala and González-Díaz, 2006).

The FT label could also be considered as a private label for the supply chain of Fairtrade product which operates in parallel with conventional trading mechanisms (Vieira and Aguiar, 2009, p. 14). So some research which shows how private label can reduce the transaction cost (Śmigielka, 2009; Karjalainen and Moxham, 2013; Nowak, 2015) could also be applied.

But what is really crucial for the success of FT products is consumer attitude. Consumer preferences and attitudes have fostered the FT movement, and nowadays they “vote” for its further development by their buying decision. So the strategies of supply chains delivering the Fairtrade products are rather pull than push. Knowing their preferences and promoting sustainable consumption plays an important role in addressing global problems. Key in changing consumption behaviours towards sustainable ones is increasing our knowledge about the current state of consumption behaviour (Percy and Schrock, 2014).

### **3. Market for Fair Trade product in Poland – results of the research**

#### **3.1. Research objective and methodology**

Implementation of the project “*Rynek produktów Sprawiedliwego Handlu w Polsce*” [Market for Fair Trade Products in Poland], financed by resources of the National Science Centre, No. 2011/03/B/HS4/03727, carried out at the Institute for Market, Consumption and Business Cycles Research (Instytut Badań Rynku, Konsumpcji i Koniunktury), was the first attempt of a complex diagnosis and assessment of the Fair Trade market in this country.

The main objective of the research was the diagnosis and assessment of the development of the market for Fair Trade products in Poland. Findings of the empirical research (qualitative and quantitative) carried out within the project in summer 2013 allowed for acquisition of new knowledge on consumers, particularly on their purchasing behaviour towards products with the Fairtrade logo and the level of consumer awareness.

The research outcomes provided for an answer, inter alia, to the following question: Who is the consumer of Fair Trade products (the purchasers’ demographic and psychographic profile)?

Within the framework of qualitative research focused on recognition of the Fair Trade products awareness by Polish consumers, there were conducted:

- **4 focus-group interviews (FGI) with consumers of Fair Trade products.**

The focus group interviews comprised 6 participants in each group recruited at sales points, and they took place in the three agglomerations with the biggest network of Point of Sales (POS) with Fair Trade products: in Warsaw (2 meetings), in Cracow (1), and in Gdansk (1). In the three meetings, respondents were consumers who were aware of the Fair Trade idea who regularly bought Fair Trade products, while in one, the consumers though being aware of the Fair Trade idea, nevertheless bought only sporadically and did not provide themselves with Fair Trade products on a regular basis (Warsaw, Cracow and Gdansk);

- **10 undisguised participant observations with consumers of Fair Trade products.**

The group of 10 individuals were exclusively those who buy Fair Trade products. In the course of meetings in Warsaw and Cracow, the buyers' favourite shops were visited. An integral part of the meetings was an interview/talk, conducted on the base of scenario, touching upon various issues of Fair Trade. This form of meetings facilitated a better, in-depth insight into consumer habits and choices of the interviewees;

- **11 interviews with experts.**

The interviews with consumers were supplemented with conversations with experts: shop owners, producers, volunteers, and employees of the organisations dealing with Fair Trade (first of all, those associated in the Fair Trade Coalition) as well as with other individuals encountered in their activities Fair Trade issues (cooks known from TV programmes, a journalist of the magazine devoted to vegetarianism, a lecturer holding classes on ethical fashion).

In turn, within the framework of quantitative research, four separate surveys were carried out:

- one preliminary study, the omnibus *Poles on Fair Trade*, on the national representative sample (N=1002 at the age of 15-74 years);
- two surveys, the omnibuses *Big cities inhabitants on Fair Trade* were carried out in towns inhabited by more than 100 thousand residents (N=295);
- one survey, *Consumers of Fair Trade products*, the standardised questionnaire-based interview (face-to-face interviews) with 400 consumers choosing those products at POS of Fair Trade products in five cities: Kielce, Poznan, Warsaw, Wroclaw, and the Tricity (Gdansk, Gdynia and Sopot).

### **3.2 Demographic and economic profile of consumers of Fair Trade products**

The Fair Trade idea – as the idea connected with the guarantee of fair remuneration for the work being performed, and the reduction of the distance between the producer and the consumer – does not arouse any great interest in Polish consumers. The interest in it was declared by slightly more than 1/3 of the respondents (35%), of which 30% are rather



interested; the others (65%) are not interested. It should be stressed that 21% of the respondents are definitely not interested.

The individuals interested in Fair Trade are primarily women, most often buying foods for households, and therefore have more opportunities to learn about Fair Trade products. The biggest accessibility (the biggest number of POS) for those products is in big cities (with more than 500 000 inhabitants), which certainly affects consumers' awareness of the FT idea.

The consumer interested in the Fair Trade idea is at the age of 50-59 years, resides in an agglomeration above 500 000 inhabitants. He/she is a married person, well-educated (with higher education) and working, free of financial troubles (their household's monthly income exceeds 1 200 EURO, and the consumer's net monthly income is above 600 EURO) (table no. 1).

**Table no. 1: Profile of consumers interested and not interested in the idea of Fair Trade**

Interested in FT	Consumers characteristics	Not interested in FT
Woman	Sex	Man
50-59 years old	Age	Up to 39, 60+ years old
Cities above 500 000*	Residence	Cities 100-500 000.*
Married	Marital status	Divorced/in separation
Higher	Education	Primary
Working*	Vocational status	Out of work*
Above 600 EURO*	Respondent's net monthly income	Up to 365 EURO*
Above 1 200 EURO*	Respondent's household net monthly income	486-714 EURO

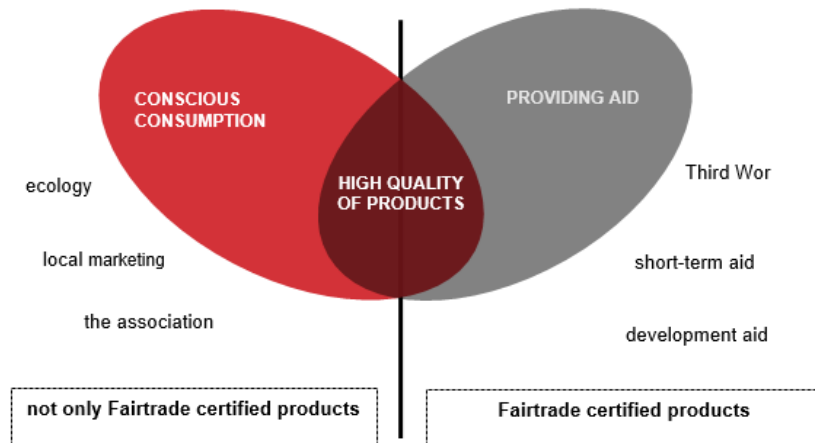
Note: \*Statistically significant dependence

Source: Author's own research "Polacy o Sprawiedliwym Handlu" [Poles on Fair Trade] (N=1002)

### 3.3. Perception of the idea of Fair Trade. Sources of information

The term Fair Trade in its Polish version (*Sprawiedliwy Handel*) is poorly recognisable. Poles are more familiar with the term in English, Fair Trade. It is often associated with a whole spectrum of topics related to conscious consumption, inter alia, with the struggle for fair working conditions at industrial enterprises, with buying products directly from producers, or with less frequent shopping in the retail chains known for unethical attitudes towards employees and the natural environment (figure no. 2).

The key was presentation of FT as an aid system – here the impact of FT on individual farmers was primarily emphasised. FT was then narrowed to Fairtrade certified products and it was mainly perceived as a way of subsidising farmers from poor countries of Asia, Africa and South America. The aid role of FT was primarily emphasised by the individuals who searched for Fair Trade products occasionally, and they were interested in the issues of working conditions in the countries of Global South exclusively on the occasion of reports on accidents related to failure to obey safety standards (as in the case of the disaster at the clothing factory in Bangladesh in 2013).



**Figure no. 2: Narration on Fair Trade**

*Source: Authors' own research: FGI with consumers on Fair Trade product*

The consumers interested in the Fair Trade idea associate it, first of all, with respect for another human being, their dignity, rights and needs (31% of indications with the option to choose three) as well as with concern for the consumer (28%), but also with the activity carried out by people for people, and concern for the natural environment, proper lifestyle, responsible consumption and economic activity as well as with promotion of human responsibility (all above 20% of indications). Only a few associate the FT idea with the global movement in the social economy stream which admits that the human being is more important than profit.

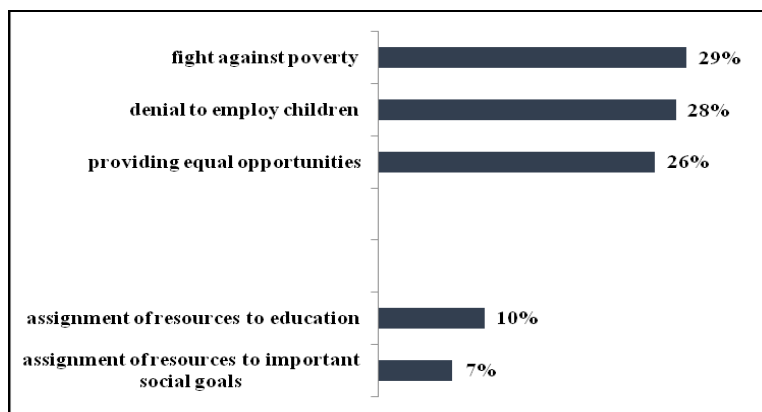
In turn, the consumers buying at Fair Trade POS (Tricity, Kielce, Poznan, Warsaw, and Wroclaw) associated Fair Trade, first of all, with:

- no exploitation of workers, with their fair salary, and denial to employ children (54%),
- ethical production and sale/fair remuneration for the producer (31%),
- promoting products from the Third World countries (11%).

Concern for the natural environment, ecological products, and high quality of products are the associations identified with FT by few respondents (they did not exceed the threshold of 5% of indications).

The perception of the social problems solved by the FT by respondents, taking part in preliminary study, is shown on figure no.3.

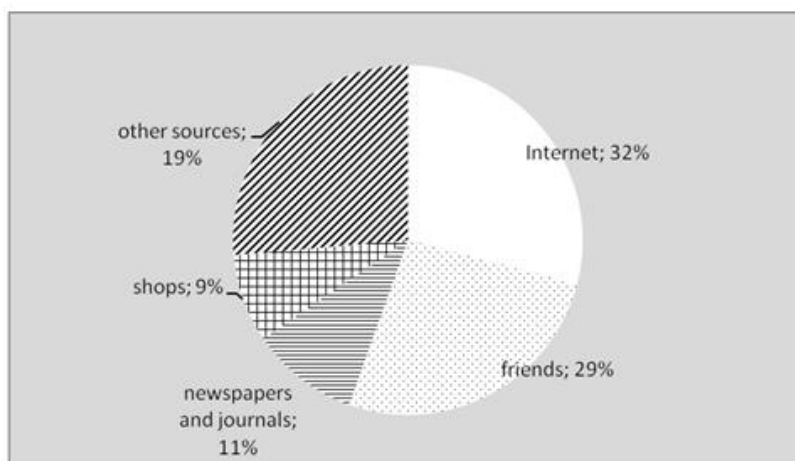
Among the social problems, which Fair Trade resolves, the biggest number of people (the highest per cent of responses) indicated fight against poverty, denial to employ children, and providing equal opportunities (above 25%). The lowest appreciation among the specified social problems being resolved by Fair Trade was attributed to “assignment of resources to important social goals meeting the majority’s expectations” and “assignment of resources to education” (below 11%).



**Figure no. 3: Social problems being resolved by Fair Trade**

Source: Authors' own research "Polacy o Sprawiedliwym Handlu" (N=1002)

The basic source of information on the Fair Trade idea indicated by consumers was the Internet (figure no.4).



**Figure no. 4: Sources of information about Fair Trade**

Source: Authors' own research, "Konsumenci produktów Sprawiedliwego Handlu" [Consumers of Fair Trade products] (N=400)

For consumers buying Fair Trade products, inhabitants of the cities: Tricity, Kielce, Poznan, Warsaw, Wroclaw, the main source of information on the Fair Trade idea, besides the Internet (32%), was friends (29%). Other sources of information, such as newspapers/journals, shops, radio and TV as well as labels/packaging, are of minor importance. This source of information on FT was indicated by only a small percentage of consumers of FT products (from 11% to 6%). A small group of those buying these products

encountered the FT idea while carrying out their activities in non-governmental organizations (NGOs) or while organising conferences or meetings on the FT issue (1%); a little bit more, i.e. 4%, encountered the FT idea during trips abroad.

#### **4. Discussion**

Fair Trade was originally the idea of consumers who wanted to help the people from less developed countries. The products were initially sold in churches and small charity shops so the relations between the sellers and buyers were taken on trust (Vieira and Aguiar, 2009, p.15). At the second stage of FT development (70ties) the ATO's become involved. Their social purpose is to keep the small producers in mind (Reed, 2008). In 1988 the Max Havelaar Foundation which is recognized as the first labelling organization was founded. The spectacular growth of Fairtrade was noticed when the retail corporations became involved in it. As a consequence of market development and its institutionalization four variants of the Fair Trade value chain, characterized by different benefits and risks, were proposed by Reed (2009). Research conveyed on the coffee market has shown that large-scale players gain more from FT than ATO's (Joo, 2010). In the models with the corporation involvement, inter alia, the problems with small producers marginalization, not fulfilling FT standards and discouraging the consumers who do not trust corporations are mentioned. So on one hand corporations help a lot in promoting the FT idea whereas on the other hand there are some potential threats related to their participation which also affect sustainable development. One of the most important problems is premium sharing among the participants of the supply chain.

The process of certification is expensive which raises the price of the product and positions it in the premium segment. The growth of this segment in well developed countries meant the big retail chains became involved in selling them. As a consequence in the largest market for Fairtrade products in Europe – Germany, Holland and UK - they could be found not only in speciality stores but also in FMCG chains, vending machines, coffee shops, service stations, and so on. Retail chains that include selling FT products in their CSR activities also embarked on their own fair-trade initiatives which meant taking control over the supply channel and labelling the product. For example Marks&Spencer carrying only own-brand products in 2010 claimed that its fair-trading commitment benefited over one million farmers and workers (Vieira and Aguiar, 2009, p.16). The wide distribution raises the question about goods quality. As noticed by Auger et al. (2003) consumers are willing to pay more for the product with certain ethical attributes, but are not willing to sacrifice product quality or features for more socially acceptable products.

As a consequence of the retail globalisation process the Fair Trade products have been brought by the FMCG mass merchandisers to the less developed markets like Poland. Also Polish entrepreneurs encouraged by the success of the ecological product started to be interested in FT as a way of differentiation and avoidance of price competition which is very intense. It begs the question if Poland is a good market when it never gained benefits from the colonies and still has a large economic gap to overcome to be among the most developed countries. When comparing the GDP of Poland per capita with the countries which offer FT in South America like Colombia or Peru it is not even twice as high. Poland has 21 100\$ whereas Colombia and Peru about 11 000\$ (data on 1 January, 2014, CIA World Fact Book), Mexico in Central America has 15 600\$. But the situation is different

when we take into account the African countries like Tanzania where GDPP is 1700\$, Uganda – 1500\$, Ethiopia-1 300\$, or Malawi – 900\$. Hence, it seems that there may be some room for the FT products in Poland. Poland is still a middle income country – not as rich as Germany or the U.K. – but consumers in Poland may become more aware of the fact that they are much better off than people in many African or even Latin American countries. And the lack of cultural ties with poor countries – for example, former colonies – does not need to be an obstacle in developing Free Trade.

As already mentioned, the results of the research show that there is a market niche for FT products. The FT products consumer, aged 50-59 years, often women, reside in an agglomeration above 500 000 inhabitants. He/she is a married person, well-educated (with higher education) and working, free of financial troubles (their household's monthly income exceeds 1200 EURO, and the consumer's net monthly income is above 600 EURO)

It is generally consistent with the Memery, Megicks and Williams (2005) findings which are the result of studying a wide spectrum of research conveyed to segment the consumers according to their specific ethical and social responsibility concerns. They reported that most of the literature has identified ethical and socially responsible consumers as being younger, well-educated, idle and upper class (Kinnear, Taylor and Ahmed, 1974, Arbuthnot, 1977, Van Liere and Dunlap, 1980), and predominantly female. The only discrepancy concerns age, which is the result of the fact that generally young people only take into account quality for money in their buying decisions. Besides these characteristics life style (which was not taken into account in the search conveyed in Poland) is also important as far as environmental issues are concerned (Webster, 1975; Anderson and Cunningham, 1972).

Referring to the communication process the results of Pearcy and Schrock (2014) have been supported which means that social media which combine Internet and friends could play a crucial role in raising awareness and knowledge about FairTrade. Further research on big international chains operating in Poland as well as government involvement in the FT promotion could be undertaken to contribute to general knowledge about “state- of-the-art” of this phenomenon.

### **Conclusion**

The Fair Trade movement contributes to sustainable development. This concept draws more and more consumers' and intermediaries' attention in well developed countries. It turns out that, as in the case of CSR, selling the Fair Trade product could raise the competitiveness of a supply chain due to the reduction of transaction costs and targeting the consumers from the market segment which is growing. These consumers are prepared to pay the premium price to contribute to sustainable development.

As far as Poland is concerned the growth of demand for FT products will depend on overcoming the barriers which include: the lack of consumer knowledge, low purchasing power as well as changes in the conviction of the need to resolve the priority, national social and ecological problems. Fairtrade certified products should also be better displayed. Educational activities targeting all age groups, and focusing on the youngest consumers, whose buying behaviour is being shaped, should not be neglected. In the opinion of buyers of FT products, what should mostly encourage Poles to buy the products complying with

the Fair Trade concept are social marketing campaigns on the Internet and in magazines as well as better displays of Fairtrade products in the shops.

### References

- Anderson, W.T. Jr. and Cunningham, W.H., 1972. The socially conscious consumer. *Journal of Marketing*, iss. 36, pp. 23-31.
- Arbuthnot, J., 1977. The roles of attitudinal and personality variables in the prediction of environmental behaviour and knowledge. *Environment and Behaviour*, 9(2), pp. 217-32.
- Auger, P., Burke, P., Devinney, T., M. and Louviere, J.J., 2003. What will consumers pay for social product features? *Journal of Business Ethics*, 42(3), pp. 281-304.
- Brussels Rural Development Briefings, 2014. *Does Fair Trade contribute to sustainable development?* [online] Available at: <[https://brusselsbriefings.files.wordpress.com/2008/06/reader\\_fair\\_trade.pdf](https://brusselsbriefings.files.wordpress.com/2008/06/reader_fair_trade.pdf)> [Accessed 3 March 2015].
- Christopher, M., 1992. *Logistics and supply chain management*. London: Pitman Publishing.
- Christopher, M. and Peck, H., 2004. Building the Resilient Supply Chain. *International Journal of Logistic Management*, 15(2), pp. 1-13.
- CIA, 2014. *World Fact Book, 2014*. [online] Available at: <<https://www.cia.gov/library/publications/the-world-factbook/rankorder/2004rank.html>> [Accessed 12 August 2015].
- Coase, R., 1937. Nature of the Firm. *Economica*, iss. 4, pp. 336-405.
- Commission of the European Communities, 2001. *Promoting a European Framework for Corporate Social Responsibility* [online] Available at: <[http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr/new-csr/act\\_en.pdf](http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr/new-csr/act_en.pdf)> [Accessed 2 January 2015].
- Cruz, M., 2009. The impact of corporate social responsibility in supply chain management: Multicriteria decision-making approach. *Decision Support Systems*, iss. 47, pp. 224-236.
- Dąbrowska, A., Bylok, F., Janoś-Kresło M., Kielczewski, D. and Ozimek, I., 2015. *Consumer competencies – innovative behaviour, sustainable consumption*. Warszawa: PWE.
- Dahlsrud, A., 2008. How corporate social responsibility is defined – an analysis of 37 definitions. *Corporate Social Responsibility and Environmental Management*, 15(1), pp. 1-13.
- De Pelsmacker, P., Jamssens, W., and Mielants, C., 2005. Consumer Values and Fair - Trade Benefits, Attitudes and Buying Behaviour. *International Review on Public and Non Profit Marketing*, 2(2), pp.50-69.
- Dinu, V., 2011. Corporate Social Responsibility – Opportunity for Reconciliation between Economical Interests and Social and Environmental Interests. *Amfiteatru Economic*, 13(29), pp. 6-7.
- Dinu, V., Schileru, I. and Atanase, A., 2012. Attitude of Romanian Consumers Related to Products' Ecological Labelling. *Amfiteatru Economic*, 14 (31), pp. 8-24.
- Dragusanu, R., Giovannucci, D. and Nunn, N., 2014. The Economics of Fair Trade. *Journal of Economic Perspectives*, 28(3), pp. 217-236.
- Fair Trade USA, 2014. *Every Purchase Matters*. [online] Available at: <<http://fairtradeusa.org/>> [Accessed 4 August 2015].

- Fairtrade International, 2013. *Fairtrade Theory of Change*, [pdf] Available at: <[http://www.fairtrade.net/fileadmin/user\\_upload/content/2009/resources/140112\\_Theory\\_of\\_Change\\_and\\_Indicators\\_Public.pdf](http://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/140112_Theory_of_Change_and_Indicators_Public.pdf)> [Accessed 14 March 2015].
- Fernández-Barcala, M. and González-Díaz, M. 2006, Brand Equity in the European fruit and vegetable sector: A transaction cost approach. *International Journal of Research in Marketing*, iss. 23, pp. 31-44.
- Joo, S.-J., Min, H., Kwon, I.-W. G. and Kwon, H., 2010. Comparative efficiencies of specialty coffee retailers from the perspectives of socially responsible global sourcing. *International Journal of Logistics Management*, 21(3), pp. 490-505.
- Karjalainen, K. and Moxham, C., 2013. Focus on Fairtrade: Proposition for Integrating Fairtrade and Supply Chain Management Research. *Journal of Business Ethics*, 116(2), pp. 267-282.
- Kinnear, T.C., Taylor, J.B. and Ahmed, S.A., 1974. Ecologically concerned consumers: Who are they?, *Journal of Marketing*, 38(2), pp. 20-24.
- Klein, B. and Leffler, K.B., 1981. The role of Market Forces in Assuring Contractual Performance. *Journal of Political Economy*, 89(4), pp. 615-641.
- Kogut, B., 1985. Designing Global Strategies: Comparative and Competitive Value Added Chains. *Magazine*, Summer issue, July 15.
- Memery, J., Megicks, P. and Williams, J., 2005. Ethical and social responsibility issues in grocery shopping: a preliminary typology. *Qualitative Market Research: An International Journal*, 8(4), pp. 399-412.
- Ministerstwo Środowiska, 2008. Strategia Edukacji dla Zrównoważonego Rozwoju Środowiska. Warszawa: Ministerstwo Warszawa.
- Miron, D., Petcu, M. and Sobolevski, I.M., 2011. Corporate Social Responsibility and the Sustainable Competitive Advantage. *Amfiteatru Economic*, 13(29), pp.162-179.
- Nicholls, A., J., 2002. Strategic options in fair trade retailing. *International Journal of Retail and Distribution Management*, 30(1), pp. 6-17.
- Nowak, M., 2014. The Development of Cooperation in FMCG Retail Chains with Selected Suppliers of Own Brand Products from the Perspective of the TCT. In: R. Oczkowska and G. Śmigielska, eds. 2015. *Knowledge Economy Society. Problems of Management and Financing Economic Activity*, Kraków: CUE.
- Pearcy, D. H. and Schrock, W.A., 2014. Fair Trade awareness: Exploring its relationship to public policy and sustainable outcomes. *Research in Business and Economics Journal*, [online] Available at: <<http://www.aabri.com/manuscripts/141863.pdf>> [Accessed 17 March 2015].
- Porter, M.E. and Kramer, M.R., 2006. Strategy and Society. The Link Between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review*, 84(12), pp.78-91.
- Reed, D., 2008. What do the Corporations have to do with Fair Trade? Positive and Normative Analysis from a Value Chain Perspective. *Journal of Business Ethics*, iss. 86, pp. 3-26.
- Śmigielska, G., 2009. Marka własna przedsiębiorstw handlowych czynnikiem rozwoju ich relacji partnerskich z producentami. *Zeszyty Naukowe Uniwersytetu Szczecińskiego*.

- Ekonomiczne Problemy Usług, Marketing przyszłości: Trendy. Strategie. Instrumenty. Partnerstwo w marketingu*, (41), pp.396-402.
- Śmigielska, G., 2013., *Corporate Social Responsibility in the Management of Fast Moving Consumer Goods Distribution Channels: Poland Example*. [online] Available at: <<http://web.efzg.hr/dok/KID//Trade%20Perspectives%202013.pdf>> [Accessed 14 March 2015].
- Stefańska, M. and Nestorowicz R., 2015. Development of Fair Trade Idea in Europe and the United States. In: M. Stefańska and R. Nestorowicz, eds. 2015. *Fair Trade in CSR Strategy of Global Retailers*. US: Palgrave Macmillan.
- Stefańska, M. and Stefański, R., 2015. Corporate Social responsibility and Fair Trade in Relations of Retailers with Suppliers. In: M. Stefańska and R. Nestorowicz, eds. 2015. *Fair Trade in CSR Strategy of Global Retailers*. US: Palgrave Macmillan.
- United Nations, 1987. *Brundtland Report*. [online] Available at: <[http://www.channellingreality.com/Documents/Brundtland\\_Searchable.pdf](http://www.channellingreality.com/Documents/Brundtland_Searchable.pdf)> [Accessed 3 March 2015].
- United Nations, 2000. *Resolution adopted by the General Assembly*. [online] Available at: <<http://www.un.org/millennium/declaration/ares552e.pdf>> [Accessed 4 January 2015].
- Van Liere, K.D. and Dunlap, R.E., 1980. The social bases on environmental concern: a review of hypotheses, explanations and empirical evidence. *Public Opinion Quarterly*, iss. 4, pp.181-97.
- Vieira, L.M. and Aguiar, L.K., 2009. An appraisal of the Fairtrade system evidence from small producers in emerging countries. In: A. Lindgreen, M.K. Hingley and J. Vanhamme, eds. 2009. *The crisis of Food Brands: Sustaining Safe, Innovative and Competitive Food Supply*. Farnham, Surrey: Gower.
- Vuta, M., Verboncu, I., Duca, I., Stefanescu, A. Gheorghina, R., Dudian, M., Ciocirlan, D., Dobrin, C. and Dobre, M.H., 2007. The Corporate Social Responsibility Practices in Romania in the context of sustainable development principles. In: ERSA, *47th Congress of European Regional Science Association – Local governance and sustainable development*. Paris, France, August 29 - 2 September 2007.
- Webster, F.E.Jr., 1975. Determining the characteristics of the socially conscious consumer. *Journal of Consumer Research*, iss. 2, pp. 188-96.
- Williamson, O.E., 1981. The Economics of Organizations: The Transaction Cost Approach. *American Journal of Sociology*, 87(3), pp. 548-577.
- Williamson, O.E., 2005. Transaction cost economics and business administration, *Scandinavian Journal of Management*, iss. 21, pp. 19-40.