

Fair trade coffee - good for cafes and growers

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Dr. Andrew Murphy, senior lecturer in marketing at Massey University, and sometimes fair trade coffee consumer.

While fair trade coffee results in more money in the pockets of coffee growers in developing countries, it can also bring better returns for cafés here in New Zealand.

Researchers at Massey University have found that customers of cafés that promote fair trade coffee in-store have higher satisfaction levels and are willing to pay more for their daily brew.

Dr. Andrew Murphy, a marketing senior lecturer at Massey University's Albany campus, says fair trade coffee is becoming a routine purchase for an increasing number of New Zealanders, both in cafés and in supermarkets.

“There are a greater number of cafés offering fair trade coffee, but it is still a premium product, not a mainstream one. If you talk to baristas, fair trade coffee does tend to be better quality, so it is one way for cafés to differentiate themselves if they want to attract a particular type of customer,” he says.

Research done by Dr. Murphy and one of his students, Ben Jenner-Leuthart, showed that customers were generally supportive of fair trade principles and were willing to pay more for fair trade coffee, although not always as much as cafés tended to charge.

The pair also found that survey respondents were not always aware that their usual café sold fair trade coffee, or believed their café served fair trade when it actually did not, so more effective promotion had the potential to add value in both coffee sales and overall satisfaction.

Dr. Murphy says that fair trade can be a useful marketing tool for cafés wishing to differentiate themselves, but to get the best results they must promote the product in-store.

“The imagery used around the café can connect the consumer with producers on the other side of the world – it gives them a picture of that farmer, along with the message that you can make a difference with your choice of coffee,” he says.

“Having baristas on message, so they can upgrade people to a fair trade coffee and be knowledgeable about what that means, is also very important. When a customer asks, ‘Where does this come from?’, or ‘What difference does it really make?’, baristas can give a meaningful response that demonstrates the café’s commitment.”

The research also tested whether consumers would be more discriminating in their purchases if they were given more information

about fair trade and its socially responsible activities. A focus group was asked to fill out the same survey before and after viewing *Black Gold*, a documentary about the inequities of the international coffee trade, to see if their attitudes changed.

“After watching *Black Gold*, the group seemed quite shocked by what they saw, and did genuinely seem to change their perceptions – and these were people who, by agreeing to participate, probably already had an above average interest in fair trade issues,” Dr. Murphy says. “The group were certainly willing to pay a lot more for their coffee afterwards, and they also said taste became less important to them.”

While fair trade coffee can bring value to cafés that wish to differentiate themselves at the premium end of the market, the challenge for fair trade organisations is to grow the market while staying true to the values and principles of the movement.

“It is a bit like organics – as it becomes more mainstream, you get mainstream suppliers who want to come in and be a part of it. While this might lower price and thus attract a larger customer base, the danger is that you get someone like Nestlé or McDonald’s heavily promoting fair trade coffee, which might actually devalue the brand in the eyes of committed customers,” Dr. Murphy says.

Dr. Murphy and honors student Mr. Jenner-Leuthart surveyed 150 customers from six Auckland cafés (three of which sold fair trade coffee), and outlined their results in a paper titled “Fairly sold? Adding value with fair trade coffee in cafés”, recently published in the *Journal of Consumer Marketing*.

Key findings included:

- Women rated having fair trade coffee present in a café as much

more important than men.

- Customers who thought their café sold fair trade coffee were more satisfied than those who were unsure or believed it did not.
- On average, customers were prepared to pay 44 cents more for a cup of fair trade brew.
- A focus group were willing to pay an extra 50 cents for a cup of fair trade coffee after watching the documentary Black Gold; they were also willing to pay an extra 35 cents for a cup of non-fair trade coffee.
- The focus group also slightly reduced the importance it put on coffee taste after watching Black Gold, and dramatically increased the importance it put on a café offering fair trade coffee.
- Customers didn't always know if their café served fair trade [coffee](#).

Provided by Massey University

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