FAIR TRADE APPAREL BUSINESS IN MINNEAPOLIS AND SAINT PAUL: A CASE STUDY

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Dedication

This thesis is dedicated to my supportive and loving family.

Abstract

There has been a backlash by concerned consumers in the global north against free trade policies, also known as trade liberalization, in the last two decades. The fair trade system has been established as an alternative to the free trade system. The following study examines the fair trade practices and marketing strategies of three apparel businesses based in Minneapolis and Saint Paul, Minnesota.

This case study resulted in three findings related to fair trade practices. First, the businesses were all established as fair trade, which demonstrates that fair trade is an integral part of the mission of the companies. Second, the wholesalers in this study considered some fair trade practices to be more important than others. Finally, in order to ensure that their companies are utilizing fair trade practices, the business owners in this study preferred to maintain short supply chains by working closely with their producers and suppliers. In the marketing of fair trade apparel, the businesses in this study relied heavily on their websites and points-of-purchase signage to inform consumers about their products. The lack of a standardized logo for labels on fair trade apparel has meant that the businesses have had to find creative ways to communicate their fair trade practices to consumers.

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Chapter One: Introduction

Fair trade, also called alternative trade, is a system of commodity production that aims to prevent labor abuses in global factories by representing the interests of the producer. The most widely accepted definition of fair trade is that given by FINE, an association of four fair trade networks: Fair Trade Labeling Organizations International (FLO), World Fair Trade Organization (WFTO) (formerly International Fair Trade Association), Networks of European Worldshops (NEWS!), and European Fair Trade Association (EFTA). The definition set forth by this association states:

> Fair Trade is a trading partnership, based on dialogue, transparency and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized [sic] producers and workers – especially in the South. Fair Trade organizations [sic] (backed by consumers) are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade. (FINE, 2001).

Businesses which participate in fair trade "adhere to a philosophy focused on paying a fair wage, improving the daily life of workers, enhancing working conditions, and contributing to environmental sustainability" (Littrell, Jin Ma, & Halpate, 2005, p. 408). Currently, fair trade products appeal to a niche market in the apparel industry. The purpose of this study was to explore the practices of three Minneapolis and Saint Paul business owners in maintaining fair trade apparel companies. I explored the owners' experiences of founding and maintaining these businesses.

Fair trade was established to combat the negative impacts of free trade policies in global production. Free trade policies, also called trade liberalization, have encouraged companies to become transnational and to source the manufacture of products to factories in various countries around the world. This increase is noted by Sargent and Matthews (2008): "In 1975 one million people in 15 countries worked in [Export Processing Zones] EPZs. By 2002 these numbers had increased to 43 million people in 166 countries" (p. 541). In the apparel industry, the manufacture of products is routinely sourced to EPZs, which are located throughout the Global South where wages and other forms of regulation on production are lower than in the Global North. These areas were established by international trade agreements, such as the North American Free Trade Agreement (NAFTA) and the Central American Free Trade Agreement (CAFTA). These agreements allow for little or no taxation when importing products from these areas to the Global North, therefore the cost is frequently lower than producing domestically (Abernathy, Volpe, & Weil, 2006). Due to this practice of outsourcing production to EPZs, companies have less oversight and control over working conditions for the laborers making their merchandise than they would if they were producing domestically. According to the National Labor Committee (2009) these practices can lead to abuses of workers' human rights.

Consumer concerns over sweatshops that violate workers' rights, such as fair wages and safe working conditions, have resulted in a movement demanding ethical production in the apparel industry (Shaw, Hogg, Wilson, Shiu, & Hassan; 2006). The industry's response has been the implementation of codes of conduct, factory monitoring, and greater transparency in operations. These actions are considered to be part of a company's Corporate Social Responsibility (CSR). This concept has been defined as "voluntary actions designed to accomplish social and environmental benefits beyond legal requirements" (Bezençon & Blili, 2009, p. 98). Corporate Social Responsibility (CSR) is a term that has been in use since the 1950s and refers to corporations' philanthropic, ethical, legal, and economic responsibilities (Carroll, 1991). Keith Davis was one of the first writers to expand the definition of CSR to encompass ethical considerations beyond the "economic or technical interest" of the company (Carroll, 1999, p. 271).

In the mid-1990s non-governmental organizations (NGOs) such as the National Labor Committee (NLC) began a series of exposés of labor abuses and human rights violations in apparel factories producing merchandise for brands such as the Gap, Liz Claiborne, J.C. Penney, Eddie Bauer, and J. Crew (Krupat, 1997). CSR was seen as a way for companies to voluntarily improve labor standards and avoid sweatshop conditions. When employing the term sweatshop, activists and scholars refer to poor factory conditions that include: "poverty-level wages, a long mandatory work week, unsafe factories, forced, bonded, and child labor, short-term employment contracts, home work, discrimination and sexual harassment, and routine violations of workers' freedom of association" (Dirnbach, 2008, p. 237).

CSR has developed since this period and most major companies have codes of conduct and require factory monitors to ensure that these codes are being followed where garments are sourced. Dirnbach (2008) asserts that codes of conduct are so common that "it is likely that almost every major apparel retailer has some version of these codes today" (p. 239). These codes are generally enforced through monitoring rather than legal means (Park-Poaps & Rees, 2010). External auditors are often hired by apparel retailers to ensure good labor conditions in factories where they contract (Bartley, 2005).

The efficacy of CSR practices in eradicating sweatshop conditions is controversial. CSR has been described as a system of private rules set and monitored by corporations "aiming largely to minimize business risks and thus costs of production" (Chang & Wong, 2005, p. 142). Furthermore, it has been argued that CSR and codes of conduct have been developed solely to "deflect criticism," and that as such they are little more than a public relations exercise (Bartley, 2005, p. 212; Dirnbach, 2008; Ross, 2008).

Concerned consumers and advocates contend that voluntary measures are insufficient and that mandatory measures need to be set in place to promote transparency and ensure fair production practices in the apparel industry (Shaw et al., 2006). Fair trade, which has already been successful in the food industry, is an existing system of third-party monitoring that could be used to verify the fairness of garment production and sales (Shaw et al., 2006).

The globalization of the marketplace, fueled in large part by free trade policies, was a "major impetus for the contemporary fair trade movement" (Moberg & Lyon, 2010, p. 2). Moore (2004) observes that the challenge to free trade is "inherent both in the name ("Fair Trade") and in the definition and goals of Fair Trade" (p.76). Murray and Raynolds (2008) assert that the "grinding hardships and poverty long associated with authoritarian and totalitarian regimes" were increasingly associated with the free market economy after the collapse of the Soviet Union, which increased the momentum of the fair trade movement as a means of social change (p. 7).

It is important to note, that since fair trade operates within the system of globalized trade that it is not an attempt to reverse globalization, but rather to counter the negative social effects associated with it (Walton, 2010). This illustrates a paradox that is inherent in fair trade; namely, fair trade seeks a market-based solution for the problems created by the free market (Moberg & Lyon, 2010).

Fair trade was, from its beginnings, established as an opposition to neo-liberal policies implemented by the "primary vehicles of trade liberalization" such as the World Bank, the International Monetary Fund (IMF), and the World Trade Organization (WTO) (Murray & Raynolds, 2008, p. 6), the North American Free Trade Agreement (NAFTA) and the Central American Free Trade Agreement (CAFTA). It was the establishment of the WTO in 1995 that gave trade liberalization "the force of law" internationally (Moberg & Lyon, 2010, p.3).

It is a cornerstone belief of the fair trade movement that "optimizing profits to the detriment of workers and the environment is unethical" (Grimes & Milgram, 2000, p. 13). This is a belief that is directly opposed to the fluidity of capital encouraged by free trade policies. Many practitioners of fair trade see it as an alternative to child labor and sweatshop labor that is popularly associated with free trade production (Grimes & Milgram, 2000).

Even though fair trade was established as a reaction against trade liberalization, the two ideologies are not necessarily incompatible. There are three schools of thought on this. First, some argue that free trade should be made fair through the "'special and differential treatment' for developing countries" in terms of the tariffs that are placed on them and safeguards for "at risk producers" (Goff, 2010, p. 103). There are others that argue that fair trade is an alternative to protectionism on the one hand and completely free market on the other (Stewart, 2010). In this case, fair trade is positioned as an alternative to completely free trade, but is not established as a tool for protecting domestic markets against foreign competition. The final school of thought is that fair trade is in fact protectionist and meant as a shield against goods made in countries with lower labor and environmental standards than are found in industrialized nations (Maseland & DeVall, 2002). Athreva (2010) asserts that this is a misconception rooted in the fact that fair trade "does require protections, but is not protectionist" (p. 118). Athreva (2010) reasons that fair trade does not aim to move production from developing nations to industrialized countries, but instead to establish a "floor of decent working conditions that ultimately enable workers to lift themselves out of poverty" in the developing world (p. 118).

While there is a body of scholarship examining consumers' intentions and behaviors in buying ethically sourced apparel (Dickson, 2001; Iwanow, McEachern, & Jeffrey, 2005; Littrell et al., 2005; Shaw et al., 2006) and there is research examining the development, implementation, and efficacy of Corporate Social Responsibility (CSR) initiatives by companies operating under free trade as discussed above, there is relatively little known as to what practices are utilized by fair trade apparel businesses and how they communicate these practices to consumers. One assumption of this study is that the measures undertaken by transnational corporations (TNCs) in implementing CSR in their supply chain have been inadequate. Fair trade is assumed to be an alternative market based solution to protect labor standards and the environment.

In this study, I explored the following questions. What factors influenced owners to begin and maintain a fair trade business? How did the objectives of fair trade business owners change due to experiences they had in establishing and maintaining their businesses? How does availability of fair trade products and consumer expectations shape their business practices?

This study is significant to the field of retail merchandising because it examined the interpretation and implementation of fair trade by several companies and the marketing of these fair trade practices. This information will be helpful for entrepreneurs looking to start and market a fair trade apparel business. They can benefit from the insight and knowledge of established businesses and practices. It can also provide insight for policy makers and advocates who wish to encourage and support entrepreneurs considering fair trade commodity production, sourcing, and distribution. This will, in turn, enable fair trade businesses to increase the number of physical stores where their merchandise is sold. This research also has significance for the fields of labor studies and human rights. The study contributes to the development of knowledge of trade policies and alternatives to free trade.

I have chosen a case study for my research. Questions were developed and tested on three Twin Cities based fair trade coffee wholesalers and retailers during a pilot study conducted in the fall of 2009. Given the responses of pilot study participants, the questions were further refined. This qualitative case study was designed to examine fair trade businesses within Minnesota. As such, the results are unique to these businesses and are not applicable to fair trade businesses locally, regionally, or nationally. The uniqueness of the research results is one limitation of this study. A second is that there are only three cases in this study, although there are other fair trade apparel businesses in Minneapolis and Saint Paul that did not agree to participate. As such, this research cannot reflect the experiences of every fair trade apparel business owner in Minneapolis and Saint Paul. A more complete explanation of the methods utilized in this study is given in Chapter Three.

I chose a case study approach to be able to explore the operations of established fair trade apparel businesses in-depth. This approach allowed me to examine each piece of the fair trade apparel businesses' operations and how it exists within the larger fair trade community in the Minneapolis and Saint Paul areas. Data were gathered through in-depth interviews with fair trade apparel business owners. Analysis was conducted of documents provided by participants as well as all publicly available information on the companies.

Through the utilization of thick, rich and engaging descriptive language I intend to give voice to the participants in my study as Lincoln (1995) describes, "voice as resistance to disengagement, as resistance to marginalization… as a hallmark of quality in interpretive work" (p. 282). Although the participants in my study are not necessarily marginalized in their personal lives, being middle-class small business owners, their fair trade business practices are marginal in comparison to corporate apparel businesses.

In the following chapters I will present a coherent case study of the companies examined in this research. In Chapter Two, the literature review, pertinent research on the history of fair trade, consumption of fair trade commodities, fair trade organizations, and ethical consumers is presented. This is done in order to inform the reader of the current research available that is related to fair trade apparel businesses and to delineate the framework that has guided this research study.

In Chapter Three, the method utilized to conduct this research is related in full. There is a discussion of what a case study should include and a description of all of the data that were collected for this study and the process by which it was analyzed.

In the next chapter, each case is first discussed separately. The particulars of each business are discussed in order to give the reader a clear understanding of the location, target market, and background of each profiled business. In the second half of this chapter, data taken from each participating business is utilized to form broad themes and categories within each theme that address the business practices and marketing of each business. During the discussion similarities and dissimilarities in the information taken from each participant are explored.

In the final chapter, the research is condensed and summarized. This is followed by a discussion of the implications of this research in practice as well as the implications for education in the fields of retail merchandising, labor studies, and human rights.

Chapter Two: Literature Review

Fair Trade Business and Products

According to Getz and Shreck (2006), fair trade is a system that enables marginalized producers in developing nations to have access to markets in post-industrial countries through alternative trade. They refer to agricultural producers specifically, but their definition of the fair trade system holds true for the wide variety of products available that are made in accordance with fair trade standards. These standards vary somewhat depending on the organization evaluating and certifying the product. However, there are certain principles that are essential to the concept of fair trade. Fair trade communicates to consumers that the products they purchase were made in a way that was beneficial to producers (Castaldo, Perrini, Misani, & Tencati; 2009). This means that traders observe “fair contractual provisions” (Castaldo et al., 2009, p. 2) with producers that contribute to “poverty alleviation” (Strawn & Littrell, 2006, p. 208) and sustainable development (Matthews, 2009; Strawn & Littrell, 2006) in the communities of producers.

Strawn and Littrell (2006) stress that fair trade businesses have three primary objectives: to address “social responsibility, economic viability and ecological soundness” in global trade. These are areas addressed in the standards set by both fair trade certifiers and evaluators, which will be discussed in detail later in this chapter. Fair trade is therefore a trade system characterized by “moral intensity” throughout the supply chain and fair trade businesses depend on their ethical credentials when positioning their products against “mainstream competitors” (Brinkmann & Peattie, 2008, p. 29).

The rapid growth of fair trade worldwide is well documented. In Europe, the decision to utilize mainstream distributors to sell fair trade products has led to an increase in sales of fair trade merchandise (Bezençon & Blili, 2009; Castaldo et al., 2009). However, although the European market for fair trade is better known, “the U.S. Fair Trade market is the most dynamic in terms of growth” (Getz & Shreck, 2006, p. 496).

Despite this growth, customers are not aware of the full range of products distributed through fair trade channels. Two British studies illustrate this gap in consumer awareness. One study found that only 17% of the people surveyed knew the full range of fair trade products available in the United Kingdom (U.K.) (Mortimer, 2010). In this article the fair trade products mentioned are coffee, chocolate, tea, flowers, biscuits and cakes, and beauty products. Fair trade cotton and apparel are not mentioned as one of the range of products available. In the case of apparel, this may be because of the lack of certification options currently available.

The second British study tested only “highly motivated ethical consumers” (Shaw et al., 2006, p. 439). Even among this group of consumers, only 2% looked for fair trade logos or marks on clothing when shopping for sweatshop-free products. Others utilized cues such as country of origin or gathered information on companies where they shop through media sources especially from the Internet. Again, this is most likely due to the limited availability of fair trade clothing at present.

History of the Fair Trade Movement

According to Moore (2004), the fair trade movement in practice can be linked to the co-operative movement of the late nineteenth century. However, the term was not coined until the twentieth century. The term fair trade was used politically as early as 1944 in the United Nations by members that sought to correct inequities in trade between developed and developing nations (Moberg & Lyon, 2010). At this time fair trade was seen as a statist solution (Moberg & Lyon, 2010).

In the years following the end of World War II, the fair trade movement began to coalesce, particularly due to the work of religious charity groups (Murray & Raynolds, 2008). As such, the movement was "redefined from government intervention to a market based initiative (Moberg & Lyon, 2010, p.4). Since fair trade has developed as a market based solution, consumers are key to the success of the fair trade movement (Murray & Raynolds, 2008). The movement began in North America with businesses run by the Mennonite Central Committee. According to Grimes and Milgram (2000), the work of this organization was motivated by a belief in "Christian solidarity and social justice" (p.12). The committee acted as an intermediary, selling handicrafts produced by artisans in developing nations. Such organizations later became known as Alternative Trade Organizations (ATOs). Artisans are people who "combine their production of weavings, wood carvings, metalwork, and baskets made for local use and trade with work targeted for sale to regional, national, and international tourist markets" (Grimes & Milgram, 2000, p.3). In the literature the terms "artisan" and "producer" are largely interchangeable. For the purposes of this paper, I use the term "producer," since it is more general and not all of the businesses included in this study trade in crafts made by artisans.

The fair trade movement grew internationally throughout the 1950s and 1960s with the development of ATOs. In the 1950s two influential ATOs developed: SOS Kinderhof in the Netherlands and SELFHELP (now know as 10,000 Villages) in the U.S. (Moberg & Lyon, 2010). By the late 1960s the movement had branched out and began to include agriculture products as well as handicrafts (Murray & Raynolds, 2008). In many ways, ATOs that were established at this time as well as those that operate today function similarly to mainstream, commercial importers. They source products from overseas to sell domestically. However, ATOs do not seek to pay the lowest possible price for products and seek to develop local communities where they source merchandise (Grimes & Milgram, 2000).

In the 1970s and 1980s the four largest, nonreligious fair trade organizations were developed. These are Equal Exchange, Pueblo to People, Bridgehead, and Marketplace.

In the 1980s, some ethical labeling initiatives for organically certified foods were developed, which paved the way for the certification of fair trade items (Murray & Raynolds, 2008). The first label for fair trade was developed in 1988 by the Dutch ATO, Soldaridad. The label was called Max Havelaar and is a well known label in Europe. Many more certifications with labels were developed in the 1990s and in 1997 the Fair Labeling Organization (FLO) was formed in order to act as an umbrella organization for the labeling initiatives in Europe, North America, Japan, Australia, and New Zealand. The Fair Trade Federation, which is an evaluating organization, was founded by ATOs in 1992. The formation of certifying organizations and evaluating organizations signals that the 1990s were a turning point in the solidification of the ideological principles of the concept of fair trade. However, it is important to note that standards vary depending on industry and the scale of the enterprise being certified (Moberg & Lyon, 2010).

Certification and Membership

As mentioned above, a key part of the implementation of fair trade is certification. Certification allows products to be labeled with easily recognized logos and marks that consumers can associate with the ethical benefits of fair trade. According to Rob Cameron, the Chief Executive of Fairtrade Labeling Organizations International (FLO), certification gives producers access to new markets in developed nations (M. Hughes, 2008). This is considered to be a “key and primary advantage associated with Fair Trade” regardless of which organization certifies the products (Getz & Shreck, 2006, p. 497).

There are two types of organizations within fair trade: product certifiers and organization evaluators (FTF, 2010b). Product certifiers audit producers of certain commodities, certify them as fair trade, and monitor the supply chain from “point of origin to point of sale (no matter who the end seller is)” (FTF, 2010b). Piedregal (2009) asserts that certification necessitates the exclusion of some producers simply because of the time it takes to certify and the limited resources of third party certifiers. FLO, its U.S. affiliate TransFair USA, and Fair for Life the Institute for Marketecology’s (IMO) program are third party certifiers whose labels may be seen in the U.S., although TransFair USA is the only independent, third-party certifier in the U.S. This is because FLO technically certifies in the U.S. through TransFair USA, which is one of FLO’s 23 members that follow FLO-CERT standards (TransFair USA, n.d. b). FLO-CERT is the independent auditor utilized by FLO. The FLO label is also sometimes seen in the U.S., but only on products imported from overseas, primarily Europe. The IMO is a well-known organic certifier that began its fair trade certification program in the U.S. in 2008. Its Fair for Life certification was developed at the request of producers of organic agricultural products “who could not be certified through existing fair trade standards” (K. Hughes, 2008, p. NS21). Although, All three of these organizations certify seed cotton and the IMO also certifies finished textiles, such as cotton calico. TransFair USA has recently begun to certify finished garments and is the only organization that does.

TransFair USA launched a pilot program in November 2009 to prepare to certify apparel and linens (TransFair USA, n.d. a). They received feedback from 55 organizations in 15 countries that currently carry garments and/or linen utilizing fair trade principles. The program certified two companies in July 2010, Tompkins Point Apparel and HaeNow, and as such these are the first two companies in the United States to have fair trade certified apparel (Kaye, 2010**;** TransFair USA, 2010). Maggie’s Organics officially announced their fair trade certification through TransFair USA on December 7, 2010 (Maggie’s Organics, 2010). According to TransFair USA, certification will benefit both cotton farmers, who can earn up to 30% more under certification and garment workers, who will earn a premium on every order sent to the U.S. TransFair USA also contends that consumers will benefit by choosing fair trade labels and thereby exercising their “votes” for fair trade (TransFair USA, n.d. a). The concept of ethical consumers choosing to spend their money on ethically produced apparel will be discussed in depth later in this chapter.

The other option for fair trade companies to be inspected by an independent third party is to become a member of a fair trade organization. Such organizations currently operating in the U.S. are the Fair Trade Federation (FTF) and the World Fair Trade Organization (WFTO). These organizations evaluate fair trade businesses for their commitment to fair trade principles regardless of what they sell (FTF, 2010b) and offer them membership if the businesses meet fair trade standards. These businesses generally sell only fair trade goods and participate in the development of the fair trade movement through their membership in “umbrella organizations” such as the FTF or the WFTO. Both of these organizations have members that sell fair trade apparel.

Although the methods of product certifiers and organization evaluators differ, the objectives evident in their fair trade standards are almost identical. All organizations strive to ensure stable and fair prices for producers; safe, fair, and empowering working conditions; the eradication of child labor; and skill development and capacity building among producers (FTF, 2010c; FLO, 2009a; IMO, n.d.; TransFair USA, n.d. b; WFTO, 2010b). Additionally, these organizations require environmental stewardship and stable and transparent trade relationships between producers and businesses. Producers and businesses are expected to make all possible changes in their supply chains to protect the environment where products are produced in order to be considered good environmental stewards. In order to be transparent in business relations, producers and companies are expected to provide information to the certifying or evaluating organization on all matters related to the supply chain as well as their financial records.

The similarities between certifying organizations and evaluators are made evident in their mission statements (Appendix A). The mission statements of TransFair USA, IMO, and FLO each make reference to improving the lives of producers, and TransFair USA and FLO each specifically state that empowerment is a goal of their organization. FLO aims to "empower producers to combat poverty and TransFair USA states that they enable, "community empowerment" (FLO, 2009b; TransFair USA, n.d. c). The WFTO also specifically mentions improving the lives of producers as a goal of the organization (WFTO, 2010c). FTF does not specifically mention producers, but infers that the lives of producers will be improved through, "building equitable and sustainable trading partnerships and creating opportunities to alleviate poverty" (FTF, 2010a). These mission statements illustrate that both certifying and evaluating organizations are dedicated to improving the lives of producers through creating sustainable and equitable trade that will lead to poverty alleviation and community empowerment.

Product certifiers and organization evaluators each have one criterion not shared by the other group. The products' certifiers each require a premium, which is put into a social fund used for community development where producers live (FLO, 2009a; TransFair USA, n.d. b; IMO, n.d.). The organization evaluators require member businesses to promote fair trade (FTF, 2010c; WFTO, 2010b) and to raise consumer awareness of its own organization as well as other fair trade organizations (WFTO, 2010b).

Labeling

Fair trade certification is usually communicated to consumers by labels or marks on products. Fair trade labels are certainly not the only type of ethical labels that may currently be seen on the market. One is also able to find “eco-labels, organic food labels, forest certification labels, marine certification labels, [and] anti-slavery labels” (Castaldo et al., 2009, p. 4). With the wide availability and variety of ethical labels, it is easy for consumers to become confused about the message the label is communicating (M. Hughes, 2008). The confusion of different ethical labels is compounded by FLOs decision to call their certified products “Fairtrade,” while other certifiers and evaluators use the term “fair trade.”

This is an area that already has a great deal of linguistic confusion, such as “fair trade” versus “free trade.” The confusion of different ethical labels is compounded by the FLOs decision to call their certified products “Fairtrade,” while other certifiers and evaluators use the term “Fair Trade.” The WFTO refers to the “jungle of labels crowding the market,” yet they are currently transitioning to a new label. The new label has the same graphic as the old one, but uses different colors and the name “Fair Trade Organization” instead of “World Fair Trade Organization” (WFTO Web, 2010a).

Despite the potential for consumer confusion, research has shown that labels can be an effective means for communicating with apparel consumers, especially since other indicators of ethically sourced apparel, such as factory codes of conduct, are not readily available at point-of-purchase (Shaw et al., 2006). Most consumers expect manufacturers to communicate what fair trade items are available to them (Mortimer, 2010) and labeling is one of the ways that this can be achieved. Thus, it should be done in a consistent and transparent manner, since ethical labels are a promise to consumers who must be able to trust companies that utilize them (Castaldo et al., 2009).

Better information needs to be available to customers and an effective way to do this is through labeling. As previously mentioned, Shaw et al. (2006) make the point that there is a need for better and more informative labels on clothing to inform shoppers at point-of-purchase that their garments were made ethically. This may be a problematic solution, since other studies have found that consumers do not generally look for ethical labels in garments (Dickson, 2001; Rudell, 2006). Rudell (2006) suggests that a concerted effort is needed to make consumers aware of ethical labels in clothing. Without such an effort there is a chance that consumers will be dubious of the motivations of companies that utilize ethical labels (Rudell, 2006).

Ethics of Consumers

Consumers are the last link in the fair trade supply chain and are crucial to the success of fair trade networks. As Brinkmann and Peattie (2008) assert, it is necessary for consumers to actively decide to purchase fair trade products “at least partially for ethical reasons” and as such fair trade becomes an important component of a conceptual understanding of ethical consumers (p. 27). Consumers of fair trade apparel were found to share a belief in fair trade ideology, “of respect for workers, fair pay, safe working conditions, and environmental sustainability. More broadly, participants expressed concern for people in developing countries, the global community, and the needs of the poor” (Littrell et al., 2005, p. 411). This indicates that consumers of fair trade apparel are generally concerned with the ethics of production both in terms of the treatment of workers and environmental impact.

According to Brown (2009), there are three types of fair trade consumers. First, promoters are those who base all of their purchasing decisions around fair trade principles. Second, conscientious consumers are those who prefer to buy fair trade, but do not organize all of their purchasing decisions on fair trade principles. Third, purchasers know little about fair trade principles and buy fair trade products based on other motivations such as aesthetics or price.

Conscientious consumers make up the largest percentage of fair trade consumers (Brown, 2009). Since this group by definition does not always buy fair trade or ethically sourced goods, there is apparently a behavioral inconsistency in this group's purchasing habits. Shaw et al. (2006) studied this inconsistency in conscientious/ethical consumers of apparel. They identified three primary difficulties encountered by ethical consumers when attempting to avoid purchasing apparel made in sweatshops. Consumers need better access to ethical retailers, better information about production standards, and a better selection of ethical clothing.

Consumers generally want fair trade options where they normally shop and would rarely make a special trip to purchase fair trade items (Mortimer, 2010). Even conscientious consumers will only "occasionally go a little out of their way to shop responsibly" (Brown, 2009, p. 862). The impact of consumers' unwillingness to go out of their way to purchase fair trade is especially problematic in the apparel industry since ethical retailers are generally only accessible through the Internet or mail order and are not available in popular shopping districts and many consumers prefer to touch and try-on clothing before buying it. Shaw et al. (2006) found this to be the case in their study of U.K. shoppers who desired to have access to ethical retailers in physical shopping locations on High Street (the primary business district of most U.K. towns).

Four studies have shown the importance of selection on consumers' decisions to purchase ethical apparel. While conscientious consumers may desire to purchase ethical clothing, most will not prioritize this concern if desired stylistic characteristics such as color and cut are not available or if the price is considered too high by the consumer (Dickson, 2001; Rudell, 2006; Shaw et al., 2006). Iwanow et al. (2005) determined that price, quality, and style have a greater influence on purchasing behavior than do concerns for the ethical production of apparel.

This study seeks to build on the foundation of what is already known concerning the practices of fair trade businesses, history of the movement, certification and membership, labeling, and the ethics of consumers. This is addressed by examining the practices of fair trade businesses and their methods of communicating these practices to consumers. What challenges have they faced in communicating their fair trade status to retailers and consumers? Were they able to obtain certification for any of their products? Are they members of any fair trade organizations? Are they making an effort to market to ethical consumers?

Chapter Three: Research Design

In this chapter I first discuss in general terms what a case study is and what conducting a case study entails. This is followed by an explanation of the comparative case study presented here with a detailed account of the methods used. The development of the research tool, the population being studied, and the process of data collection and analysis are discussed in detail.

This study is a qualitative case study of fair trade apparel businesses in Minneapolis and Saint Paul. As Stake (2005) asserts, "case study is not a methodological choice but a choice of what is to be studied… case study is defined by interest in an individual case, not by the methods of inquiry used" (p. 443).

A case study approach is "an intensive description of a phenomenon, social unit, or system bounded by time or place (Bloomberg & Volpe, 2008, p. 80). As such, the case study approach allows the researcher to "illuminate the general through the particular" by focusing on one or a few instances of a phenomenon and defining the relationship and process of the phenomenon as it occurs in its natural setting (Denscombe, 2003, p. 31). The in-depth exploration of one or a few cases enables the testing of new hypotheses and causal factors to better define variables in a phenomenon (George & Bennett, 2005).

This approach can be used to study a single case or multiple cases. Denscombe (2003) suggests that this approach is most useful if the number of cases does not exceed three. George and Bennett (2005) make the argument that a comparative approach that takes several similar cases and identifies similarities and dissimilarities is the most useful for building theory. "We define case study methods to include both within-case analysis of single cases and comparisons of a small number of cases, since there is a growing consensus that the strongest means of drawing inferences from case studies is the use of a combination of within-case analysis and cross-case comparisons within a single study or research program…" (George & Bennett, 2005, p. 18).

The case study approach is not in itself a method, but rather a research strategy, which means that researchers are able to utilize multiple sources and methods to define their case or cases (Denscombe, 2003). This means that either qualitative or quantitative methods can be employed when utilizing a case study approach. In quantitative research, case studies are frequently used when there is a small number of subjects in a population or when a researcher wants to examine a phenomenon as it naturally occurs rather than in an experimental setting (George & Bennett, 2005). In qualitative research, the case study approach can be conducted utilizing a wide range of qualitative methods such as unstructured or semi-structured interviews or historical methods (Creswell, 2007).

To conduct a case study, a researcher must decide on a case or a few cases from a number of possible cases and the case(s) must be "self contained" with "distinct boundaries" (Denscombe, 2003, p. 38). It is the job of the researcher to clearly define these boundaries. It is necessary for the researcher to utilize multiple methods to define the "physical location, historical location, social location, and institutional location" of the case (Denscombe, 2003, p. 38). Bloomberg and Volpe (2008) discuss the importance of description in the case study approach. "Description of setting is drawn primarily from the review of available documents…[and] should incorporate all the important aspects of the context/environment in which the study takes place, including such things as descriptions of the organizational structure, background/history, mission, vision, policies and procedures, culture/environment, and the population from which the research sample was drawn" (Bloomberg & Volpe, 2008, pp. 108-9). It is the task of the researcher to describe the case(s) in such a way that the reader has an insider's knowledge of the phenomenon being examined.

The extent to which case studies can be generalized to the larger population is limited and partially depends on how typical the case is to others of its type (Denscombe, 2003). The case study approach is advantageous when a researcher wishes to utilize a variety of methods and can be used for theory testing or theory building (Denscombe, 2003).

Population

There are eight businesses that sell apparel in Minneapolis and Saint Paul that self-identify as either wholesale or retail fair trade businesses. I utilized the website of the Minnesota Fair Trade Association (MNFTA) to identify potential participants. This group was founded "in order to increase the number of businesses committed to the principles of Fair Trade… [It] is a non-profit group consisting of local Minnesota businesses, non-profits, and consumers…" (Peace Coffee, 2006). The website for the MNFTA is no longer active and I was unable to ascertain if the association is still in existence. Companies that did belong to MNFTA when this research was initiated joined by self-identifying as fair trade and there was no evaluation process. One of these stores carries fair trade apparel and toys for children, four carry fair trade apparel and/or accessories primarily for adults, and three are wholesalers of fair trade apparel products who also sell retail in Minneapolis or Saint Paul. All eight of these businesses were contacted and invited to participate in this study. Five businesses responded and three chose to participate in the study. One of the participating businesses is a clothing retailer, while the other two are primarily wholesalers.

One fair trade apparel retailer and two wholesalers were interviewed for this study. The distinction between the fair trade retailer and the fair trade wholesalers is important. The wholesalers are indirectly involved with producers and therefore have a higher degree of control over the implementation of fair trade standards in production than does the fair trade retailer. The participants were the founders/owners of these three businesses and were contacted because they each belong to the Minnesota Fair Trade Association. They were selected to enable me to develop an in-depth understanding of the practices and communications of fair trade apparel businesses in Minneapolis and Saint Paul, Minnesota. I conducted interviews with them and, with their permission, recorded these interviews using audio equipment. I also took notes of visual information I observed during the interviews.

Data Collection

Before contacting potential participants for my study, I sought and received approval from the University of Minnesota Institutional Review Board (IRB). The IRB reviewed my proposed research and my research tool (interview questions) to ensure that my research would be conducted in an ethical manner. As will be discussed in-depth below, I conducted a pilot study and revised my research tool based on the findings of my pilot study. The IRB approved the revised research tool before I conducted interviews with the three participating business owners.

The questions for this case study were reviewed by peers before interviews were conducted and were further refined based on the results of a pilot study conducted in the fall of 2009. The pilot study relied on the responses of three Minneapolis and Saint Paul based fair trade coffee wholesalers and retailers. These initial interviews ranged from a half hour to one hour in length.

Changes were also made to the research tool upon the advice of my graduate committee, which convened in spring 2010 to review my research proposal and the first three chapters of my thesis. Based on suggestions made by my committee at this time, questions were added to the research tool to more specifically address the role of human rights and the role of the consumer in the practices of each participating business (Appendixes B and C).

The interviews conducted for the present study took place in the spring of 2010. In all three cases the participants interviewed were the founders and owners of the fair trade business being explored. Each business is a bounded case, meaning that there are three cases in this comparative study. Each interview lasted about one hour. Interviewees were asked to choose a location where they would be comfortable speaking with me about their company. Two of the participants chose to meet with me in coffee shops and one asked to meet with me at her company's place of business.

The questions asked during the interview sought to answer the major research question: what motivates businesses to engage in fair trade practices? The questions I asked my participants pertained to three areas of running a fair trade business, namely: 1) the interpretation and implementation of practices, 2) membership in fair trade organizations, 3) communicating fair trade practices to consumers. Please refer to Appendix C for the full set of questions.

As previously stated, the case study approach enables an in-depth exploration of the operations of established fair trade apparel businesses. It allows for the examination of each piece of the participating businesses' operations and how they exist within the larger fair trade community in Minneapolis and Saint Paul. Data were gathered through in-depth interviews with business owners and with careful examination of documents provided by participants as well as all publicly available information on the companies. Participants provided pertinent documents as to the operations of their businesses as the business owner saw fit. These documents were annual reports, promotional materials, and fair trade standards. These documents were either given to the researcher or were available on-line on the businesses' websites.

Data Analysis

The analysis of the data for this study was a triangulated, multi-faceted process. A case study "gains credibility by thoroughly triangulating the descriptions and interpretations" at every step in the process (Stake, 2005, 443). Triangulating data entails verifying assumptions of one form of data with other data sources, such as interviews, documents, and articles from the media. Immediately upon completing an interview, I recorded my thoughts and impressions. I listened to the audio recording of each interview multiple times in the days following my meetings with business owners. This allowed me to hear details of the interview I may have initially missed. This was also a time for me to look for patterns and similarities between interviews and to record them in a research journal. These steps allowed me to be reflexive, which is an important part of qualitative research because it is a time for the researcher to examine his or her own assumptions and biases (Lincoln, 1995; Brantlinger, Jimenez, Klingner, & Richardson 2005; Creswell, 2007). By also recording my insights in a research journal, I created an audit trail, mentioned by Bloomberg and Volpe (2008) and Brantlinger, et al. (2005). The audit trail allowed me to track how my assumptions and biases changed during the course of the research.

After the interviews were transcribed, I organized the data into themes thereby coding them. Other data were utilized to triangulate and verify my code categories. This data consisted of documents provided by the companies such as annual reports, my observations during the interview process, and publicly available information about the participating businesses. The research journal was another resource for triangulation that I used to check my code categories against my biases. Subject specific literature was also used to verify my code categories. Creswell (2007) lists triangulation of data as a validation process specifically for case studies while Brantlinger et al. (2005) and Bloomberg and Volpe (2008) promote this method as generally good practice in qualitative methods. Through triangulation I was able to ascertain that my categories were valid and that I did not interpret the data according to my own biases.

Peer review and debriefing is a method of validation proposed by both Creswell (2007) and Brantlinger et al. (2005) and is one which was of particular use to me. I am able to problem solve most effectively when I am conversing with others. I debriefed with my thesis adviser, Dr. Gloria Williams, in order to better understand the data I collected. The debriefing process was another way for me to verify the validity of the codes I have assigned to the data.

I verified my data interpretation by utilizing thick description as Creswell (2007) and Brantlinger et al. (2005) each suggest. Thick description is important in recording my approach to method and data collection as discussed by Bloomberg and Volpe (2008). It was through utilizing thick description in my research journal that I was able to adequately recall the experience of the interviews after they had taken place. Also, it is through thick description that I was able to articulate my observations and categorization of themes from the interviews found in Chapter Four, Findings and Discussion. Through the use of language I have attempted to capture my experience as an interviewer and to accurately and fully illustrate the experience of the participants to the reader.

All of the above methods contributed to the findings of this study, which will be discussed in the following chapter. I will first present each case independently, outlining pertinent details about each of the participating businesses. This will be followed by a comparative analysis of each of the three cases wherein inferences are made based on similarities and differences between the three cases. Findings are divided into two general thematic areas: 1) fair trade practices and implementation and 2) communication strategies.

Chapter Four: Findings and Discussion

This chapter begins with a discussion of each of the three cases utilized in this research. This is followed by an analysis of the interviews conducted with each business. At this point inferences are made based on observed similarities and dissimilarities in the three case studies. The findings are sub-divided into two large categories: 1) fair trade practices and implementation and 2) communication strategies. Finally, in this chapter connections are made between the findings of this research and the larger body of knowledge on the subject of fair trade apparel.

The Cases

Participant A.

Participant A is an on-line, for-profit retailer that formerly had a physical store in Minneapolis and Saint Paul. The retailer is not a member of the Fair Trade Federation (FTF) and has not considered joining since they are a retailer and have no direct contact with producers. They are not involved with the manufacture of merchandise, but they require all the companies they work with to fill out paperwork describing the companies' supply chains to increase transparency in the sourcing process. Participant A carries apparel and accessories that are contemporary and versatile. The owners consider the clothing to be both ecologically responsible and made in accordance with fair labor standards in order to carry the products in their store.

Participant A's on-line store explicitly states that customers have the opportunity to express their values by purchasing their merchandise. Participant A actively appeals to ethical consumers in their marketing strategy. Ethical consumers, as described in the literature review, are consumers "with a strong ethical stance who [are] likely to take steps to avoid purchasing sweatshop produced clothing" (Shaw et al., 2006, p. 432). Not only do they explicitly appeal to consumers' sense of altruism, they also seek to educate and reassure potential customers that their merchandise is ecologically responsible. There is a section of their on-line store dedicated to discussing the various fabrics found in the apparel lines they carry and why they are environmentally sustainable. Fabrics that are organic are considered by the company to be sustainable because pesticides that can pollute the environment are not used to produce organic cotton. Natural fibers are also considered to be sustainable because they biodegrade quickly. The sustainability of materials used is one of the criteria employed by the company to choose suppliers. They have links to additional resources to further assist potential customers in making informed purchases.

Participant B.

Participant B is a member of both the Fair Trade Federation (FTF) and the World Fair Trade Organization (WFTO). The business is primarily a wholesaler and is non-profit. They do have a retail website as well as two retail locations in Minneapolis, but the majority of their business is selling fair trade merchandise to retailers throughout the U.S., Europe, and Japan.

Participant B was established in 2002 in order to work with a network of women-owned businesses in a West African country in hopes of increasing market access for producers. Participant B provides profiles on each producer and encourages potential consumers to read the stories of the women in the network. All of the merchandise includes a description of the women involved in production. Included in the description is information about the women's experience as an artisan and/or business owner and their ambitions for their futures. Also included is information on how the producer has been able to improve her standard of living or that of her family. Often times this involves being able to pay school fees for her children or buying land to open a new shop.

The company sources apparel, accessories, and toiletries from a network of small, independent businesses. The producers are masters in cloth dying, dressmaking, or bead making. The products utilize traditional batik dying, bead making techniques, and soaps and lotions. The company has apparel lines for men, women, and children, as well as fashion and housing accessories. They also offer an entire line of products devoted to using the calico scraps from production of their clothing lines and accessories. These products allow the company to eliminate fabric waste during production.

Participant C.

Participant C is a wholesaler who works with producers in Latin America and is a member of the FTF. The company works with two different cooperatives in Latin America and describes these cooperatives on their website. They have a distribution relationship with one cooperative and are a partial owner of the second. On the website, each cooperative explains what products they make and how their organizations function as a cooperative. It is clear from the information available on the website that the producers who make merchandise for Participant C are exercising agency in deciding to work as garment producers, setting their own standards in terms of pay, hours, and management. In both cases Participant C attempts to aid the cooperatives in manufacturing merchandise that will appeal to U.S. markets while observing fair trade standards.

Like Participant A, Participant C makes an appeal to ethical consumers on its website. However, unlike Participant A, Participant C sells primarily to institutional buyers that want blank merchandise for printing. Their product line consists of three items that can be bought in bulk: t-shirts, sweatshirts, and tote bags. Institutional buyers can either provide Participant C with the information they want to have printed or they can buy the items blank. Participant C sources printing jobs to a Minneapolis and Saint Paul commercial graphic printing business. They also have a small section on their website, targeted at retailers, that is devoted to selling merchandise printed with various graphics and slogans that promote fair trade and sustainability. The available items are listed with a brief description and illustrative photos. These items can be purchased at wholesale prices directly from the website.

Mission Statements of Participating Businesses

In order to protect the anonymity of my participants, I will not provide their mission statements verbatim here. However, a discussion of each participant's mission statement is necessary to fully understand the fair trade objectives and practices of the business. I will therefore summarize each mission statement and illustrate the similarities and dissimilarities between each business. Participant A has a mission that states that the company is dedicated to providing a good shopping experience to the consumer and providing the consumer access to sustainable products and those made in accordance with fair trade principles. Participant B has a mission statement that concentrates on promoting the economic independence of their producers while simultaneously producing high quality merchandise for the international market. Participant C has a mission that is focused on improving the wages and worker conditions of their producers. It is clear by these mission statements that Participant A as a retailer is focused primarily on the satisfaction of the consumer, whereas Participants B and C concentrate on providing opportunities for their producers.

Each of the participants found it necessary to educate visitors to their websites and physical stores on their fair trade practices. Participant A as a retailer does this primarily by communicating the criteria they use for selecting what the owners consider to be fair trade garments. The wholesalers do this by sharing information about their producers. In each case, the participant seeks to educate consumers about the step in the supply chain that immediately precedes the participant.

Themes

While each of the three companies examined in this study differed in terms of the products they sell, the missions of each business were very similar. This is evident in the consistency of the interviews and the many points of corroboration between the representatives of Participant A, the retailer, and Participants B and C, the wholesalers, which will be discussed in depth in this section. Various themes were identified that were classified into two main categories, namely, fair trade practices and communication strategies. Under the concept of fair trade practices, these themes were: 1) the companies' practices were part of the company since its inception, 2) there is a hierarchy of standards in fair trade practices, and 3) there is an importance in utilizing a short supply chain. As far as communication strategies are concerned, the identifiable themes were: 1) the perceived function of labeling and 2) concern over the development of a TransFair USA certification program.

Fair trade practices

Founded as a fair trade business. When asked when their company adopted fair trade practices, each of the participants explained that there was never a time when the business had not been conceived of as fair trade. Adhering to fair trade standards and practices was the intention since the founding of each company. Participant A stated, “We started the business because we wanted to bring fairly made and sustainable fabric clothing to the Twin Cities. So, that was it, right from day one.” Participant C echoed this sentiment:

> The business was established as a fair trade business, and actually we set up the business to provide a sales opportunity for the production facility. So, it’s not as though we made a transition at some point. The purpose of the business was to distribute products that were produced by a fair trade production.

Participant B asserted that not only was the business adhering to fair trade principles since the company’s founding, but that they were practicing these principles without realizing there was a term for it: “We were practicing fair trade principles years before we realized that there was a name for it and that that was what we were doing. So we’ve been doing it from the very beginning.”

The fact that each business set out to practice fair trade principles suggests not only that these principles are central to the missions of the businesses, but also that establishing a fair trade business took a very deliberate effort on the part of the founders. It was a central organizational feature from the beginning for each company, which lends credence to Brinkmann and Peattie's (2008) claim that fair trade is a system that is characterized by "moral intensity" and that this is the primary way that fair trade companies have a competitive edge over their free trade competitors (p. 29). Grimes and Milgram (2000) assert that, in the years following World War II, the first American ATOs were founded on principles of "Christian solidarity and social justice," and while none of the participating businesses has religious affiliations, the mission of seeking social justice remains a strong motivator for fair trade business owners (p. 12).

Perceived hierarchy of fair trade principles. The two wholesalers, Participants B and C in this study contended both implicitly and explicitly that there is a hierarchy of fair trade practices. Upholding high labor standards is the highest priority. Participant C stated:

> There is a list of fair trade guidelines, but I would assign different priority levels to some of them. I think that the most important as far as I'm concerned is that producers need to be paid a fair wage for their work, and they need to get a fair wage, they need to have some bargaining power so they are able to, both the consumer and producer, get a significant benefit from the exchange.

Participant C explained that mutual benefit, that is, transparency in the organization, and sustainable business practices are all important in fair trade, but that a fair income for producers is of the utmost importance. In reference to environmental sustainability, Participant C asserted:

> There are also commitments to sustainable business practices that include economic or environmental sustainability, although I would consider that to be sort of secondary. And frankly, [to] the producers it's not primary…fair trade businesses in the U.S. place a very high priority on that. The production companies in third-world countries…if it's practical and makes sense, maybe, but it's not a priority.

Participant B echoed this sentiment, "to be honest with you [the fair trade practices that have] come later was the environmental part, environmental sustainability part of fair trade, and making more of a conscious effort to implement that."

Participant A did not mention this theme during the interview. This leads me to conclude that as a fair trade retailer, Participant A is less involved with the implementation of fair trade standards that govern production than are wholesalers that engage directly in production.

While neither certifying nor member fair trade organizations promote or sanction a hierarchy of fair trade standards, this hierarchy can be inferred from the organizations' mission statements. TransFair USA (n.d. c) is the only organization that specifically mentions protecting the environment in the mission statement. While it may be assumed that part of the "sustainable" trade described by the FTF (2010a) and the WFTO (2010c) in their mission statements includes sustainable environmental processes this is not expressly stated. However, each of the fair trade organizations currently operating in the U.S. market specifically mention improving labor standards in their mission statements (Appendix A).

Utilizing short supply chains. All three participating businesses expressed a preference for developing a relationship with producers (in the cases of wholesalers) or with suppliers (in the case of the retail business). Participant A, the retailer, asserted:

> Because the first thing when we're out buying clothing or any kind of merchandise, the first thing we want to find out is what their labor practices are and that's just kind of backwards to most of the sellers…they kind of see if you like their product you're going to buy it and we have that other step so, it affects everything we do. It means that we really only work with, as I mentioned, smaller companies, because…not that bigger companies might not have fair practices, but…there's just so many layers in that situation, you can't ever really know or certify it to our comfort level. So that's [the reason why] we work with the smaller guys.

Participant B explained that they work with small businesses in West Africa where their merchandise is produced and that developing long-term relationships with producers is key to the organization's definition of fair trade:

> The long term relations…that's critical. Because if you get a group of producers going and building up…a lifestyle and expectations, growing their businesses to accommodate the orders and all that, and then you decide next year that what they make is out of style instead of working with them to come up with something that is in style, to just shift to another producer, that devastates that business and the local economy around that business.

Participant B is committed to working with the businesses in their network to ensure that they can keep making merchandise for the organization each year. They started out working with six women entrepreneurs about seven years ago. Currently Participant B is able to contract manufacturing to several hundred small businesses and is able to ensure work for these businesses each year.

Participant C conveyed the original intent of the non-profit organization they cooperate with to open a business with as many as 100 employees in a factory in Northern Mexico that had once employed as many as 1500 women. They had the opportunity to buy the equipment from a maquiladora (factory) that was closing. Participant C described becoming involved in the effort to re-purpose the old factories:

> We heard about this effort and said, ‘We’re very interested,’ and while we agreed that it’s probably not a good idea to open a plant the size we were talking about…there’s another option which is to open much smaller businesses and begin to develop a market and learn how to run…with a core group of people learn how to run a business, then expand it over time, and that wouldn’t take very much capital. And so [we] basically said if there’s a group of five or six women that are very committed to opening a business, we’ll help you make plans for business, we’ll buy equipment for the initial business and we’ll sell your product.

In each of the three cases, the businesses prefer to work with small businesses and develop close ties to producers and suppliers for the practical reason of maintaining a short supply chain. Doing so enables them to fulfill their commitments to producers and consumers, namely to provide a sustainable livelihood for producers and a fairly made product for consumers, in a way that working with a longer supply chain would not enable them to do. It could also be that since fair trade companies do not seek to pay the lowest price for items (Grimes & Milgram, 2000) that they can afford to be more selective about the companies they contract with than their free trade counterparts can.

Communication strategies

Significance of labeling. Since there is currently no official logo that can be used on labels for clothing that signifies that the clothing is fairly made, the businesses in this study rely heavily on their websites and point-of-purchase signage to communicate their fair trade practices to consumers. There are logos that identify fair trade seed cotton used in some apparel production, but none for finished textiles and clothing. Participant C emphatically stated, “You can identify your business with the FTF logo; you cannot put the FTF logo on any product.” When asked how he communicates his commitment to fair trade to customers and potential customers, Participant C responded: “We tell the story of the producers.” This comes in the form of information on the website for potential consumers to read.

Participant B has found a way to communicate with customers that her business is a member of both the FTF and the WFTO without using either organization’s logos:

> Fair Trade Federation when we joined let you use their logo on your tags as a label, and revoked that…What we did instead and what was approved by the organization is you can print that you are a member of the organization on the tag. You just can’t use their logo. So our tags do now say that we’re a member and I

think it provides credibility, I think people like to know that somebody else has looked at you and that you're doing what you say you're doing.

Participant A related that customers at her store are happy to see that the apparel they bought was fair trade, even without a standardized logo that can be used throughout the industry. For her customers, it is sufficient that the brands Participant A stocks are a member of the FTF or the WFTO, although Participant A is not itself a member of either organization. "That's why they shop with us. They like to see the fair trade label." Participant B did not have any concern with promoting that her company is a member of the FTF and the WFTO on her clothing labels. "I think an educated consumer is happy to see it and then a non-educated consumer doesn't notice or care." This suggests, that as Rudell (2006) has argued, there will need to be a concerted effort on the part of businesses to educate consumers about labels used on ethically made clothing in order for it to be a selling point. Participants in this study saw labels as secondary to other forms of marketing, partially because there are not many consumers looking for a fair trade label.

Developing TransFair USA certification. TransFair USA is currently developing a process that will allow fair trade apparel businesses to label their products with a logo that easily communicates to consumers that the item is fair trade certified. Despite the fact that the TransFair USA certification will lead to the availability of a standardized logo for fair trade apparel, the wholesalers included in this study had reservations about the implementation of the program proposed by TransFair USA. When asked if her business would be certified under the new TransFair USA standards, Participant B responded:

> [N]ot unless some things drastically change, either the certification or our availability to source fair trade raw materials. But right now the certification requires a fair trade process throughout the entire supply chain. And our materials are not fair trade.

Participant C voiced concerns over the wages stipulated in the new standards:

> We have very vociferously said to TransFair the wage guidelines are not strong enough. And that the workers [at our factories] went through all of these criteria and they said, 'Yep, all of these are great except the wages.' You have to pay more. How can you be a fair trade business if you don't pay a decent wage? Hopefully TransFair will listen. I don't know.

It is to be expected that the development of new standards will be controversial among companies that produce fair trade apparel, since it may mean having to alter the way these companies do business. However, it is important that the new certification does not needlessly exclude manufacturers of fair trade apparel. This could have a devastating impact on businesses' ability to continue in the work they do that improves producers' lives. It remains to be seen whether or not the TransFair USA will reach the fair trade consumers described by Brown (2009): promoters, conscientious consumers, and purchasers. In order for the program to work as a marketing tool, an effort should be made to educate conscientious consumers, those who prefer to buy fair trade but do not only purchase fair trade, about the certification and what it means.

Discussion

There are five important ways that the findings from this research relate to the literature presented in chapter two. First, the fact that each of these businesses were founded as fair trade support Brinkmann and Peattie's (2008) that fair trade is characterized by "moral intensity" and Grimes and Milgram's (2000) observation that fair trade businesses are founded on the principles of "Christian solidarity and social justice."

Second, although no certifying or evaluating organizations specifically condone prioritizing labor standards over environmental standards, this hierarchy is implicit in the mission statements of these organizations (Appendix A). TransFair USA (n.d.a. c) is the only organization that mentions protecting the environment in its mission statement.

Third, it is likely that since fair trade companies are not seeking to pay the lowest possible price for products (Grimes & Milgrim, 2000) that they are better able to maintain short supply chains.

Fourth, although industry research suggests that the use of labels that communicate fair trade practices in clothing will make fair trade apparel more attractive to consumers (Shaw et al, 2006), participants in this study did not see any particular need for a fair trade label. As suggested by Rudell (2006), the development of a fair trade label will need to be accompanied by a public education campaign to ensure that consumers are looking for these labels and that business owners find them necessary.

Last, in order for the TransFair USA certification to be a useful marketing tool, it will need to attract conscientious consumers as defined by Brown (2009) and will also need the backing of fair trade apparel businesses such as the participants in this study.

Chapter Five: Summary, Implications, and Reflections

Summary

This study examined the practices of three fair trade apparel businesses in Minneapolis and Saint Paul and their methods of communicating these practices to consumers. There were many similarities between the three participating businesses in terms of their conception of fair trade and fair trade practices. There was even more consistency between the two wholesale businesses (Participants B and C) in terms of their perception of fair trade as a hierarchy and their concern over TransFair USA's development of a fair trade certification for apparel.

There were three key findings relating to the fair trade practices of the participating companies evident in this study. First, all three companies were founded as fair trade companies. This means that they have utilized fair trade practices since their inception and as such, these practices are central to the missions of the businesses.

Second, for the wholesalers in this study, there is a perceived hierarchy of fair trade standards that inform their business practices. Providing fair wages and safe working conditions is prioritized over transparency in the supply chain and environmental sustainability.

Finally, all three businesses describe the importance of establishing and maintaining close working relationships with producers and suppliers. This is done for practical purposes and allows the businesses to ensure that they uphold the fair trade practices to which they are committed.

Communicating these commitments to fair trade practices is done primarily through the businesses' websites and point-of-purchase signage. The lack of a logo for clothing labels has meant that businesses need to find alternative and creative ways to market their fair trade practices to consumers. Both Participants B and C have chosen to become members of one or more evaluating organizations as a way to let consumers know they utilize fair trade practices.

Participants B and C are also both concerned about the potential implications that the certification currently being piloted by TransFair USA may have for their own businesses and the future of fair trade apparel in general. Participant B is concerned about the availability of raw materials that meet TransFair USA's proposed standards and Participant C is concerned with the proposed wage scale.

Implications

This research is relevant to the Minneapolis and Saint Paul metro area, since that is where the participants are based. The aim of this research study was to provide insight to owners of fair trade apparel businesses of the fair trade practices that are being utilized in the field and the manner in which businesses are currently communicating their fair trade efforts to consumers. By examining the practices of fair trade apparel businesses and the options they have available to market these practices, owners will be able to market in a way that empowers consumers to make informed decisions when purchasing apparel. This information could also be used by non-governmental organizations and third-party fair trade certifiers such as TransFair USA in the development of certification standards that serve to protect the rights of producers without putting an undue burden on the wholesale businesses that work with these producers. This research has implications for educators that teach in the fields of retail merchandising, human rights, and labor studies, since the findings relate to consumers and marketing and the treatment of workers in the global marketplace. For example, the findings of this study as pertains to the lack of a uniform label for fair trade apparel relates to the importance of branding and brand identity in apparel merchandising. This information can also guide future research in these areas, particularly in regards to the findings on the ethical motivations of fair trade business owners and the controversy regarding garment certification by TransFair USA. Future research should continue to examine the impact of the TransFair USA garment certification on the overall fair trade movement.

Reflections

In regards to my findings from this study and fair trade practices, I was most intrigued by the ethical motivations for establishing fair trade businesses that was demonstrated by each of the three participants. It will be interesting to see if, based on the increasing availability and popularity of fair trade, established apparel wholesalers and retailers will choose to incorporate fair trade principles into their existing organizations and how this would impact the overall mission and success of the companies. Will consumers perceive such efforts as genuine?

The debate over the efficacy and adequacy of the TransFair USA standards is one that is likely to persist for many years to come. It is very likely that once TransFair USA officially launches their certification program it will be difficult for fair trade apparel businesses to continue to sell to retailers without certification. It may be that these companies will choose not to be certified if it means compromising their fair trade ideologies that are incongruent with TransFair USA's new certification standards.

Finally, it is my opinion that fair trade, as well as other market-based solutions to the global sweatshop problem, falls short of its aims. It is simply too much to ask of consumers to be informed of the intricate supply chains of each of the companies from which they purchase products. This study has shown how lax the regulation of fair trade businesses is and how porous the definition of fair trade is. Participant A is able to be marketed as a fair trade business despite not belonging to any of the organizations that evaluate or certify companies as fair trade. With better regulation and a consistent understanding of fair trade business practices, consumers could act as an ancillary safeguard for labor and environmental standards in the global marketplace. However, governments, TNCs, and NGOs are responsible for ensuring the primary protection of these human rights through the drafting, lobbying for, signing, and implementation of trade agreements that enable and promote ethical trade between all nations.

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Appendix A: Mission Statements

TransFair USA

"TransFair USA enables sustainable development and community empowerment by cultivating a more equitable global trade model that benefits farmers, workers, consumers, industry and the earth. We achieve our mission by certifying and promoting Fair Trade products" (TransFair USA, n.d.a. c).

IMO Fair for Life

"The aim of the Fair for Life Social & FairTrade Programme is to ensure fair and positive relations between producers and their cooperatives or contracting companies, between workers and their employer, between seller and buyers on the world market while at the same time ensuring performance of standards" (IMO, n.d.).

Fair Labelling Organizations International Certification

"Our mission is to connect disadvantaged producers and consumers, promote fairer trading conditions and empower producers to combat poverty, strengthen their position and take more control over their lives" (FLO, 2009b).

Fair Trade Federation

"The Fair Trade Federation is the trade association that strengthens and promotes North American organizations fully committed to fair trade. The Federation is part of the global fair trade movement, building equitable and sustainable trading partnerships and creating opportunities to alleviate poverty. The Federation's values guide our work to create a just and sustainable economic system” (FTF, 2010a)

World Fair Trade Organization

“The goal of the WFTO is to enable small producers to improve their livelihoods and communities through sustainable Fair Trade. It does this by delivering market access through policy, advocacy, campaigning, marketing and monitoring” (WFTO, 2010c).

Appendix B: Pilot Study

Major Research Question

What motivates businesses to engage in fair trade practices?

Sub-questions

1) Why does your company source through fair trade networks, rather than free trade?

2) Describe challenges encountered in establishing and/or maintaining a fair trade business.

3) How do you define fair trade?

4) How does participating in fair trade business inform/impact your business decisions/practices?

Probes:

- Branding?
- Relationship with or choice of suppliers/producers/artisans?
- The style/aesthetic of the merchandise?

Appendix C: Final Questions

Major Research Question

What motivates businesses to engage in fair trade practices?

Sub-questions

1) Can you tell me about your business? What position do you hold in the business?

Probe:

- Who makes the decisions about your business practices?
- What fair trade practices does your company engage in?
- Are you primarily a wholesaler or retailer?
- When did you start using these fair trade practices? Why do you use fair trade practices?
- Why did you establish your business in Minneapolis/Saint Paul?

2) What are your experiences in setting up and maintaining a fair trade business?

Probe:

- How does being a (wholesaler)(retailer) affect the fair trade practices you use?
- What challenges have you encountered? What are the benefits of maintaining a fair trade business?

3) How do you define fair trade?

Probe:

- What is the message of fair trade that your business conveys?

4) How does participating in fair trade business impact your business decisions?

Probes:

- Does it influence which producers/companies you buy merchandise from?
- What do you look for in a supplier?

5) Which organization certifies or evaluates your company (if any)?

Probe:

- World Trade Organization, Fair Trade Federation, TransFair USA, International Marketecology Organization, other?

6) Why have or why haven't you chosen to be certified/evaluated?

Probe:

- How does (name of certifying/evaluating organization) define fair trade?
- How do you feel about the criteria (name of certifying/evaluating organization) have set for your company?

7) How would you describe your experience working with (name of certifying/evaluating organization)?

8) Please describe the value of the fair trade label for your business.

9) Are there any concerns you have about utilizing a fair trade label?

10) What are some of the emerging trends in fair trade apparel?

Probes:

- Does your commitment to fair trade impact the design and overall appearance of your merchandise?

- How does your business respond to fashion trends?

11) How does your commitment to fair trade impact your relationship with customers?

12) How do customers react to your products?

Probes:

- Who is your key demographic/typical customer?
- Does the (name of certifying/evaluating organization) attract customers?
- How do you communicate that you are a fair trade company to your customers?

13) Who do you consider to be your top competitors?

Probe:

- In what ways do they compete with your products?
- Are they fair trade companies?

14) Do you have anything else you would like to tell me?