Fairtrade and The FAIRTRADE Mark:

Mark Varney
Fairtrade Foundation
The Fairtrade Foundation: Background

- A charity set up in 1992 by several groups

**6 original (Founder) members:** Oxfam, Christian Aid, CAFOD, Tradecraft, World Development Movement, National Federation of Women’s Institutes

**8 additional members since 2003:** Banana Link, Methodist Relief and Development Fund, Nicaragua Solidarity Campaign, People and Planet, Scottish Catholic International Aid Fund (SCIAF), United Reformed Church, Shared Interest Foundation, Tear fund
One Global System

- Fairtrade Labelling Organizations International (FLO) unities 20 Labelling Initiatives in Europe, Japan, North America, Mexico and Australia/New Zealand

- Over 600 Producer Groups in 58 countries developing countries

- Over €1.6 billion sales across 21 countries

- Directly benefits 1.4 million producers and workers

- Approximately 7 million farmers including dependents
The Fairtrade Foundation UK is responsible for:

- licensing final products
- promoting Fairtrade with media & campaigners
- strengthening relationships with commercial partners
What do Fairtrade Standards cover?

Minimum and progress standards for producer groups, and minimum standards for traders

Social, Gender and Organisational

- Health and safety, employment conditions, labour rights (no forced or child labour), freedom of association
- Organisational and individual capacity building, democratic institutions

Economic

- Traders must pay the Fairtrade minimum price and Fairtrade premium
- Traders establish long term relationships, commit pre-finance and business planning
What do Fairtrade Standards cover?

Fairtrade standards aim to protect and improve the environment

**Environmental**

- Control and use of inputs; reduction in use of pesticides
- Development of Integrated Crop Management
- Ongoing improvements in the environmental sustainability of the production
- Impact assessment, planning and monitoring
FAIRTRADE: MARKET STATUS AND DEVELOPMENT

WHAT COULD BE IN IT FOR YOU?
UK Sales of Fairtrade Products 1999 - 2008

2008: 44% increase from 2007
Existing Fairtrade standards

**Fairtrade Standards** are available for:

- Bananas
- Cane Sugar
- Cocoa
- Coffee
- Cut Flowers
- Dried Fruit
- Fresh Fruit
- Herbs and Spices
- Honey
- Juices
- Nuts & Oil seeds
- Quinoa
- Rice
- Seed Cotton
- Sports Balls
- Tea
- Wine Grapes

As well as single ingredient products, many of these appear in composite products such as chocolate bars, confectionary, biscuits and cakes, snack bars, spreads, jams and chutneys.
The sustainable and ethical context - UK consumer perspectives
Over 70% of UK public recognise the FAIRTRADE Mark and buy Fairtrade products\(^1\).
Fairtrade – By far the most recognised ethical mark ...

<table>
<thead>
<tr>
<th>Brand</th>
<th>Seen a Lot</th>
<th>Seen a Bit</th>
<th>Seen Once or Twice</th>
<th>Never Seen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairtrade Foundation</td>
<td>54%</td>
<td>19%</td>
<td>17%</td>
<td>11%</td>
</tr>
<tr>
<td>Red Tractor Scheme</td>
<td>17%</td>
<td>16%</td>
<td>49%</td>
<td></td>
</tr>
<tr>
<td>Soil Association</td>
<td>18%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forest Stewardship Council</td>
<td>14%</td>
<td>19%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rainforest Alliance</td>
<td>13%</td>
<td>11%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waitrose Foundation</td>
<td>3%</td>
<td>4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marine Stewardship Council</td>
<td>3%</td>
<td>3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethical Tea Partnership Council</td>
<td>3%</td>
<td>3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product (RED)</td>
<td>2%</td>
<td>4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UTZ Certified</td>
<td>1%</td>
<td>1%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. “How familiar are you with the following organisations (and their logos)?”

Source: OC&C Online Consumer Survey May 2007, OC&C analysis
Demand Generation and Campaigns
Fairtrade Campaigners-
“Peer to Peer” engagement

- More than 400 Fairtrade Towns and Communities
- 3100 Fairtrade Faith Groups
- Over 60 Fairtrade Universities
- More than 500 Fairtrade Schools
- More than 10,000 campaigners and 80,000 supporters working tirelessly to promote awareness of Fairtrade
Fairtrade Fortnight

• Our biggest annual promotional campaign (and one of the biggest in the UK)
• 2009 was the 13th year
• Purpose: to unite all stakeholders:
  • Grassroots supporters to licensees, media partners and NGO members
• A simultaneous promotion to maximise impact, awareness and sales of Fairtrade.
Sales Impact

Source: Nielsen
Copyright The Nielsen Company 2007
In-Store: Retail Multiples
Out and about
HOW DOES IT WORK?
How does Fairtrade work on manufactured / composite products?

• All ingredients that can be Fairtrade, must be Fairtrade.

• In order to comply with the policy to be certified as Fairtrade, the finished product must consist of either:
  - At least 20% of ONE Fairtrade ingredient OR
  - 50% of combined Fairtrade ingredients

• FLO, Fairtrade Foundation and other partners are developing a new Composite Product Standard
Is scale achievable?

- UK Fairtrade Sugar Sales

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>tonnes</td>
<td>2,280</td>
<td>6,883</td>
<td>c. 80,000</td>
</tr>
</tbody>
</table>

- This is achievable primarily as a result of long term planning, project management and collaboration between
  - Fairtrade Foundation, FLO Cert
  - Importers and processors such as Tate & Lyle, British Sugar / Billingtons, Napier Brown, Ragus, etc.
  - Focus and commitment of producer organisations such as Belize Sugar Cane Farmers Association, Kasinthula Cane Growers (Malawi)
Headline costs

• Costs of Fairtrade
  • Fairtrade minimum price on most commodities
  • Fairtrade premium
  • Some certification fees to enter the system
  • License Fee to use FAIRTRADE Mark (1.7% of the net wholesale cost)
HOW DOES IT WORK?

Role of The FAIRTRADE Mark in brand building
Brand development

• The producer, worker and Fairtrade standards are critical
  • Fair price, community development; environmental sustainability
  • Democracy, engagement, involvement

• From a brand development and NPD pov, can approach The FAIRTRADE Mark like an “ingredient brand”
Producer Ownership / Mission focussed
Provenance

[Images of Percol coffee, Rowse Fairtrade honey, and Organic Basmati rice]
Private Label Brand Development - Fairtrade as lead “Reason to believe”
Private Label Brand Development -
Fairtrade as part of other sub-brands
Private Label Brand Development - Fairtrade as part of core category
Branded Product Development
Branded Product Development: Tate + Lyle

- Initial discussions Spring 2006
- Feb 2008 Tate + Lyle committed to convert 100% of their retail brand to Fairtrade certified by end 2009
- 1 producer group (5 000 farmers) in Belize certified to date

Key Benefits
- Overwhelming response to customer care line
- Equity enhancements
- Sales uplifts where distribution in place
Brand Product Development: Cadbury’s

- Discussions over several years
- Initial commitment to convert all Dairy Milk and Cadbury’s hot chocolate to Fairtrade certified by the end of Summer 2009
Conclusion

• Fairtrade needs contribute value to commercial partners as well as farmers and workers to be sustainable

• The FAIRTRADE Mark can support simple communication of certain values to consumers and is well trusted

• The FAIRTRADE Mark can motivate employees and contribute to corporate pride

• There are lots of other opportunities in the future…
Vision: Tipping the Balance - Transforming Trade

1. Increasing Fairtrade’s impact on producers’ lives
2. Shifting public opinion and consumer lifestyles to make Fairtrade the norm
3. Expanding business engagement with Fairtrade from just compliance to deeper commitment
4. Growing Fairtrade’s share of key markets to propel sales to a new level
5. Scaling up and developing the Fairtrade system
THANK YOU

QUESTIONS

Mark Varney
Head of Business Development - Food
The Fairtrade Foundation