

## Alliances and Networks: Creating Success in the UK Fair Trade Market

Dr Iain Davies

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**SM** Hello, I am Steve Macaulay and I am interviewing Iain Davies about his article 'Alliances and Networks: Creating Success in the UK Fair Trade Market', published in *The Journal of Business Ethics*, 2009.

Now, Iain, could you give me some background on your article and the research that went with it.

**ID** Yes, no problem. I will start with my interest in fair trade going back. I actually first got interested in fair trading in 1994 when I set up a small business selling fair trade goods, actually within the school that I did through a Young Enterprise Project. And then I continued you that on working with Traidcraft and I worked as a representative for them in my local area. The on going to university, I started to do the same thing in South Wales and the South West, which is where I went to university.

So continued on with that and then I got involved with a company called Day Chocolate Company who are now called Divine – they make double Divine chocolates and Divine chocolate bars. I was offered the opportunity to do a PhD and I thought well, I like fair trade; at the time it was very unpopular, it was about 7 or 8% recognition in the UK market. Consumer surveys found only about 7 or 8% recognition of fair trade as a term. And I decided to do a PhD in this little known area and I went and did my PhD project and continued to work with fair trade whilst doing it. So I was working in sales and marketing at the Divine Chocolate Company, Equal Exchange, I did some work with Café Direct, but mostly did interviews with Café Direct. And also across the entire industry using the contacts I had built up. So built up a nice rich, deep body of research and then I continued to follow that through ever onwards. So to this day I still continue to dip my toe in from time to time. So it has now been 15 years since I first got involved with the fair trade.

**SM** So how did you go about the research and what were the outcomes?

**ID** Well the general research projects, I have got a number of papers lined up – some of them are already in print, some of them are still to come. A lot of it is looking at the organisational nuance, the things that happen within the business itself to make the success which is something that not many of the researchers are doing in the fair trade market. Most people do the research either with consumers or from a distant, whereas mine is from very much within the organisations. And looks at actually led to the success in the whole industry – so everything from their HR practices, their marketing practices and with this paper, the networks that they have created.

**SM** And what came out of it?

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**ID** Well in this paper in particular, what we are looking at is how in fair trade the formation of the organisations and the build of the industry has been very much based on the networking alliance structure. When you look at someone like Café Direct they are fifth biggest coffee brand in the UK and they only have 32 employees. You can only do that if you are going to have huge networks, and they do. They don't manufacture anything, they don't do supply chain management. They don't necessarily distribute or wholesale or market themselves. All of it is done by external bodies and they rely very much on those networks to build their position within the market. And that is across the whole of fair trade. It really is a network built industry.

**SM** And what is the secret of success then – so you say networks?

**ID** I think the secret has been for them to be very close. A lot of the fair trade companies – I mean, we can separate the people involved in fair trade into a group of categories. There are the organisational bodies: the Fair Trade Labelling Organisation and then in the UK, the Fair Trade Foundation who are the governors of fair trade.

Now on top of them, there is actually all of the charities and the alternative trading organisations that have been doing fair trade since the sixties, in many cases. Those two groups together have actually worked very closely to build this modern, profit seeking fair trade organisation which is the focus of this work. Within that profit seeking group there is a further three groups: there is the fair trade companies who are specialist fair trade organisations. Then there is fair trade adopters who have adopted fair trade – they are existing companies, often organics, so like Clipper Teas or Green and Blacks. And then you have like the fair trade branders: people who have large, expansive product lines like Nestle for instance, who also carry a fair trade product as well.

Really it is the way that these groups have all united together with simple, single messages. Every year there is the Fair Trade Fortnight which is either in February or March, depends on which decade you look at, and they have one message and all of them give a united message to the market. And that has actually given them a solid consistent visibility with the public and now we have moved from 1999/2000 maybe 11% public recognition of fair trade to today – 82% is the most recent figure for public recognition of the fair trade mark. So it has been seriously successful.

**SM** Iain, that is very interesting, thank you.

**ID** Thank you very much.