Facts and figures on the fair trade sector in 14 European countries

May 1995

FAIR TRADE *in Europe*

Index

1. INTRODUCTION

This survey of fair trade in Europe was conducted at the request of the European Fair Trade Association (EFTA). Its objective is to provide an overview of the extent and impact of the fair trade movement in Europe as well as the fair trade labelling initiatives on the European mainstream market. The survey concentrates on two categories in fair trade:

- Goods imported and sold by the alternative trading organizations according to fair trade criteria, largely sourced from small producers who would otherwise not be able to export;
- Goods imported and sold commercially, with a trademark indicating that the conditions of trade for these products have been approved by an independent organization as meeting their criteria and standards.

In addition to these categories the European market sees an increasing number of wholesalers and retailers who claim to trade fairly without any guarantees or monitoring. As verification of these claims is impossible, this type of traders was not included in this report.

The study involves 14 European countries: Austria, Belgium, Denmark, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom, practically all the European countries which have a considerable fair trade sector (except Finland, where it was impossible to collect information at a national level). The information was provided by one or more fair trade organizations per country - 35 in total. The details were gathered by research bureau Oikos and double-checked by Mr Enzo Martinelli.

N.B. The turnover figures in this report are excluding Value Added Tax (BTW, Mwst., TVA etc.). The retail value of a product is the price paid by the final consumer (less the VAT). The ECU exchange rates in the report are either from an unknown date, based on data received from respondents, or taken from the exchange rate information in the Financieel Dagblad (of the Netherlands) of November 1, 1994.

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2. 30 YEARS OF "NOT AID BUT (FAIR) TRADE" IN EUROPE

In January 1994, the European Parliament adopted a report and a resolution[1] promoting fairness and solidarity in North-South trade. The report recommends measures to strengthen and support the fair trade movement and to adopt the fair trade principles in policies of the European Union and its Member States. The European fair trade movement considers this as an important acknowledgement of its almost 30 years of fair trading and campaigning.

What is fair trade?

Fair trade has the following characteristics:
* remuneration of production that enables producers and their families to earn an adequate living; this implies a fair price, advance payments when needed and a long-term relationship;
* a production environment that does not harm producers' short-term and long-term physical, psychological or social well-being, i.e. that is "fair";
* production that is economically and ecologically sustainable, i.e. that meets the needs of the current generation without compromising the ability of future generations to meet their own needs;
* the use of the most efficient ways to get a product from a producer to the consumer, by-passing speculators and unnecessary intermediaries;
* preferential treatment for production, trade and marketing that involves indigeneous production, small and medium-sized enterprises and the equitable distribution of the generated revenues;
* awareness-raising in the North about the relationship between the consumers' choice and the producers' living and labour conditions;
* campaign and advocacy work that is aimed at changing unfair international trading structures.

Fair trade importing organizations - from 1967 up to now

In 1959, the Fair Trade Organisatie (formerly called: S.O.S. Wereldhandel) was founded by a number of youth members of a Catholic political party in the Dutch town of Kerkrade. Concepts such as developing countries or the Third World were unknown in those days. The foundation's first activity was a milk powder campaign for Sicily. Fund-raising and providing financial support to projects in 'underdeveloped regions' were the main activities.

The young foundation focused on projects that would allow people to gain economic independence by helping them to support themselves. Financial support was therefore mainly aimed at vocational training and small workshops. It soon became clear, however, that selling the manufactured products was a major problem. The sales potential of the small local market was insufficient. This led Fair Trade Organisatie in 1967 to become a pioneer in purchasing products from producer groups in developing countries and selling them in Northern markets. The world's first fair trade organization was born.

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[1] cf. European Parliament Resolutions of 19-1-1994 on the promotion of fair trade, and of 1991 on the Max Havelaar initiative.

The first imported products were wood-carvings from the slums of Port-au-Prince, Haiti. During the first few years, only crafts products - the majority of them from missionary projects - found their way to the Netherlands. Cactus pots, plant hangers, bamboo ashtrays and shell-decorated articles from the Philippines, earthenware and straw products from Mexico, sandals from India and wooden sculptures from Haiti were characteristic of the first range of fair trade products. These products were sold through (missionary) exhibitions, mail order and Third World Groups.

Autumn 1973, coffee was introduced in the fair trade circuit. The first beans came from Fedecocagua, an association of coffee cooperatives in Guatemala. The coffee led to an enormous acceleration of the growth in fair trade, and coffee turnovers exceeded those of handicrafts shortly afterwards.

From the early 1970s onwards, the fair trade model was adopted in a number of other European countries. Since then, over 65 fair trade organizations all over Europe have started operations. 11 of them in 9 European countries joined forces in 1990 by establishing EFTA, the European Fair Trade Association. EFTA seeks to stimulate practical cooperation between its members, develop common policies and offer joint support to producers, and strives for the adoption of fair trade principles in commercial trading in Europe. EFTA members import from over 550 producer groups. Total turnover of all EFTA members together has been growing steadily for years and in 1994 ammounted to some 72 million ECU. EFTA members employ a total of approximately 560 staff and are supported by tens of thousands of volunteers.

(Third) World Shops - from 1969 up to now

The UNCTAD conference concluded in 1968 that "not aid but trade" would be the best method of development assistance. However, this statement was not put into practice; the political will to apply the concept in reality was lacking. Third World Groups set a better example. The sale of cane sugar became a form of political protest, as appears from the slogan "By buying cane sugar, you increase the pressure on the governments of the rich countries ... to give the poor countries also a place in the sun of prosperity".

The Cane Sugar Groups developed into "World Shops", which not only sold cane sugar but also handicrafts products. The first real Third World Shop was established in 1969 in a small town in the Netherlands. In the ensuing years the "World Shop" idea rapidly became very popular. In the early seventies, (Third) World Shops sprung up all over Europe.

In various countries, the shops united to form national associations. As the continuing growth of the world shops movement required coordination on a European level, these associations started meeting at bi-annual conferences. In February 1994, 15 world shops organizations (representing almost 3,000 world shops in Europe) from 13 countries decided to institutionalize this cooperation and established NEWS, the Network of European World Shops. The aims of NEWS are to exchange information, coordinate activities, organize bi-annual European congresses and link grassroots activities with advocacy work.

Fair trade labelling initiatives - from 1986 up to now

By the end of the 1980s, the growing importance of the fair trade importing organizations and the world shops led to increasing consumer interest in fair trade, and increasing willingness to buy fair trade products. It became clear that this consumer interest could be mobilized to put pressure on mainstream commercial companies to include fair trade products in their product range.

At the same time, churches and other community organizations discovered fair trade and fair products as an effective way to deal with global problems in the fields of inequitable South-North trade and ecological deterioration. In Autumn 1986, a national coffee campaign, conducted in the Netherlands by the Dutch NGO Solidaridad and others, tackled the Dutch coffee roasters about their coffee purchasing policies. Capitalizing on the growing consumer awareness, a group of organizations introduced the Max Havelaar labelling initiative successfully on the Dutch market in November 1988.

Soon after the establishment of Max Havelaar in the Netherlands, similar fair trade labelling organizations were founded in other countries with various names and/or logos. In 1992 TransFair International was established, using one international logo in all countries where TransFair organizations are present. The various labelling initiatives cooperate on criteria and producer registers.

Today, the following products with a Fair Trade label have been launched on the market in one or more of the participating countries: coffee, cocoa, chocolate, honey, sugar and tea. More are to follow. The market shares differ per country and per product, but on the whole they vary between one and five percent and show a steady growth.

Totals for the 14 European countries involved in this study (numbers are rounded off)[2]:

import organizations:	65
wholesale organizations:	80
retail channels: world shops commercial shops (incl. supermarkets) chains of supermarkets	 3,000 13,000 30
points of sale:	45,000
staff:	1,500
trademarks:	Max Havelaar, TransFair, FairTrade Mark
budgets for education & PR:	7 million ECU
wholesale turnover:	ca. 160 million ECU
retail turnover:	ca. 200 million ECU
market share of coffee:	1.4% (European average)

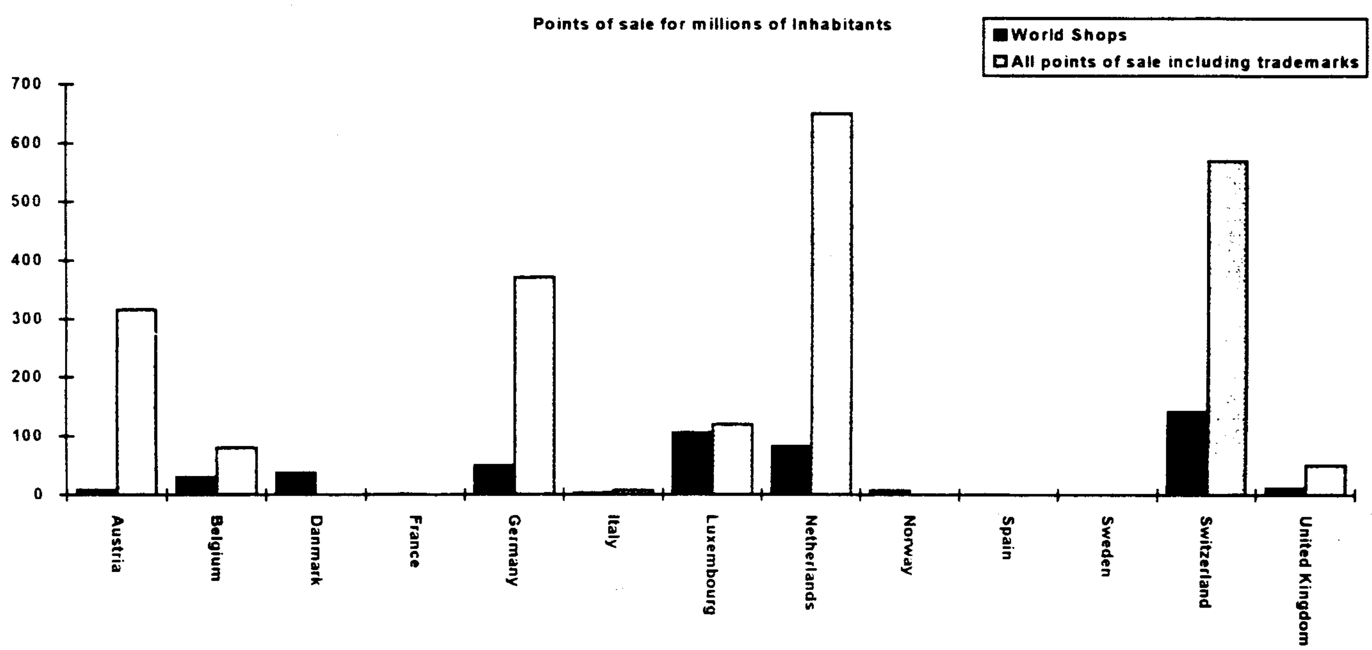
[2] Because the gathered data is incomplete, the totals in this table most likely are lower than the actual figures.

The present fair trade movement in Europe

Fair trade import organizations buy products from democratically organized producers in the South, paying them a price for their products that enables them and their families to make an adequate living. Fair trade organizations also assist producers in product development, education and training, improving their organization and marketing and allowing them to share their skills and experience with others.

In Europe, fair trade import organizations sell their products through so-called (Third) World Shops, local groups, exhibitions, campaigns, wholesale and mail-order catalogues. They inform buyers about the producers and their products by means of pamphlets and booklets accompanying the products, slide presentation, exhibitions, magazines, informative meetings and training courses. They cooperate with other Third World organizations, trying to give people in the South a fair chance and a fair share of the earth's resources.

(Third) World Shops sell products, initiate information activities, exhibitions, educational programmes for schools and conduct joint campaigns. They invite industry and trade to adopt the fair trade model by, for instance, putting a number of certified fair trade products on the market or by organizing political campaigns aimed at the abolishment of European protectionism. World shops cooperate on local, regional, national and international levels, supported by their National Associations.



Fair trade labelling initiatives aim to enlarge the market for fairly traded products by offering these products to the mainstream market (supermarkets, etc.) and at the same time giving consumers an independent guarantee of fair trade standards. The conditions to be met by traders in order to be permitted to label products are laid down in fair trade product criteria. TransFair International (representing national TransFair organizations in Germany, Austria, Luxembourg, Japan, Italy and Canada), together with Max Havelaar (in the Netherlands, Switzerland, Belgium, France and Denmark) and FairTrade Foundation (in the UK) usually work and agree jointly on specific product criteria.

Perspectives for fair trade in the coming decade

Fair trade by now is a well-known concept in almost all countries in Western Europe. Hungary apparently is the first Eastern European country where fair trade is introduced (the first Third World Shop will be opened in Pécs). Although not included in this survey, it should be stated that many countries outside Europe (the United States, Canada, Japan, Australia, New Zealand, etc.) also have sizeable fair trade sectors.

Fair trade - i.e. trade starting from small-scale Southern production groups and seeking to make an equal South/North exchange - is a concrete form of development cooperation. The experiences of numerous producer groups show that fair trade is effective and allows the partners to improve both their economic and social position. In Europe, it attracts increasing numbers of consumers, as evidenced by the rapidly increasing turnovers. The extent and impact of fair trade differs per country, depending on by the "age" of the national movement rather than the size of the country. In other words: the older the movement, the more impact it has in the country. In most European countries, fair trade grows by 10 to 25% per year.

It is essential for fair trade to continue to expand. There is still a considerable gap between actual turnover and potential turnover. In all European countries, sizeable consumer groups declare that they are prepared to pay 10 to 20% more for fair trade products. The question is how to reach them in the market. This requires the further professionalization of fair trade, applying techniques from the fields of marketing, information and PR, business economics and management science. The fair trade movement should take more steps in this direction. Giving information and conducting campaigns will also largely remain the responsibility of the fair trade movement. It will have to ensure that it keeps the fire burning, adheres to its principles, explores the opportunities for new products and markets and continues to be a pioneer. This requires money and professional staff!

Regarding the South, it is important to provide intensive guidance to the producer partners, where necessary. Trade is of vital importance, but for weaker partners trade alone is often not sufficient to develop towards independence. The fair trade movement therefore intends to further expand its support to producers as regards product development, quality improvement, efficient production organization, and to transfer knowledge on administration, cost control, marketing and management.

At the same time, greater weight should be attached to the political aspects: mobilizing the supporters of fair trade and making use of the power of consumers. From the developments in the past five years, it is evident that politicians and businesses are highly sensitive to the viewpoints of large groups of voters or consumers. The starting point should be the combined efforts of as many like-minded national and international organizations as possible, directed at particular key issues and translated into intensive campaigns. Setting the example, providing information, initiating action and cooperating in networks is equally important as exerting political pressure and lobbying.

Through the impact of its own activities, by setting an example and by introducing fair trade principles in regular trade - by means of labels, lobbying and (political) pressure - the fair trade movement will make an increasing active and structural contribution to the fight against poverty.

3. AUSTRIA

The structure of fair trade

The fair trade scene in Austria is made up of three umbrella organizations: **TransFair** (*Verein zur Forderung des fairen Handels met der "Dritten Welt"*), **EZA** (*Entwicklungszusammenarbeit mit der Dritten Welt*) with one small subsidiary company called **AH-Alternativ Handel**, and the *Arbeitsgemeinschaft Dritte Welt Läden* (**ARGE**). The scene is completed with another import organization called **CONA**.

TransFair is present as a trademark organization with 7 coffee licensees. These licence holders import coffee from registered producers in the South and supply 10 chains of supermarkets with their products. A total of 2000 to 2500 supermarkets and other retail outlets sell coffee with the TransFair trademark.

EZA/AH is the biggest importer and wholesaler of fair trade products in Austria. Its main customers are 69 world shops. Three of them are being run directly by EZA, the others are independent shops, each organized in the form of a foundation by local groups of private individuals. 68% of the world shops are members of ARGE; 5 representatives of different shops sit on its board.

TransFair employs 2 persons, while EZA/AH has a staff of 40, most of them full-timers. Volunteers are the mainstay of the world shops - with around 900 people (approximately 750 women and 150 men) involved in sales. The world shops provide employment to 54 persons (50 women, 4 men), most of them on a part-time basis. Also a significant number of not officially registered local action groups, involving some 3000 volunteers, sell fair trade products.

In the past few years, the world shops have become more professional in terms of location of their premises, presentation of the products and opening hours. Increasing efforts and money are being put into awareness-raising with respect to the background of the products and into improving the marketing system.

The market for fair trade

No figures are available about the turnover rates of TransFair products because the trademark was introduced only in 1994. Total turnover of EZA was around 5.1 million ECU (1993/94). The retail turnover of the world shops amounted to approximately 4 million ECU in 1993.

Public awareness of fair trade and the system of world shops is reasonable. 70% of the Austrian population have heard about alternative trade and 56% know the world shops; 30% are familiar with EZA, while 5-10% know the TransFair trademark.

Coffee sold with a TransFair trademark is 10-20% more expensive than comparable brands in regular trading (dec. 94). According to EZA, there is no price difference between the products in the world shops and those in the regular retail system, when taking the high quality of the world shops' products into account. The quality of fair trade products is said to be comparable to the standards applied in regular trade, especially with regard to coffee and a number of other food items. The quality of handicrafts varies, but certain items are of rather good quality. According to a recent survey by TransFair, nearly a quarter of the population is willing to pay a higher price for fair trade products but, as in other countries, it remains to be seen whether such outcomes are reflected in actual buying behaviour. Women between 25 and 45 years of age are the world shops' main customers, especially in the cities.

Coffee is the most important fair trade product. 28% of the turnover of world shops is generated by the sale of coffee. The market share of TransFair coffee in the retail trade is 0.8%.

Table 1: The structure of fair trade in Austria

import organizations:	3
wholesale organizations: (incl. 7 TransFair licensees)	10
retailers: world shops supermarkets local groups (not registered)	 69 10 chains several hundreds
points of sale:	2000 - 2500
staff: EZA/AH TransFair world shops	 40 2 54
trademarks:	TransFair
retail channels: mail order individual fair trade stores chains of fair trade stores individual commercial stores commercial chains	 yes yes yes yes yes
budgets for education and PR:	272,000 ECU

Table 2: The market for fair trade in Austria

wholesale/retail turnover EZA/AH (1993-94):	5.6 million ECU
retail turnover (world shops) (93/94): total retail turnover	4 million ECU 7.1 million ECU
public awareness of fair trade: TransFair EZA world shops	 5-10% 30% 56%
public awareness of fair trade products:	70%
willingness to pay a higher price:	17-26%
market share: TransFair coffee	 0.8%
turnover per product category: (EZA 1991/92)	food: 61% non-food: 39%

4. BELGIUM

The structure of fair trade

In Belgium, the main actors in the field of fair trade are **Magasins du Monde Oxfam** (in the Walloon part of the country) and **Oxfam Wereldwinkels** (in the Flemish part). They are involved in importing, wholesaling and retailing. Next to these two there is the (Dutch) **Fair Trade Organisatie**, active in the field of wholesaling, and Miel-Maya Honing and Balam, both small importers/wholesalers.

Around 300 world shops and several hundreds of supermarkets, belonging to the eight major chains of supermarkets in Belgium, sell fair trade products.

Oxfam world shops employ 32 persons in the Flemish and 10 in the Walloon region.

Max Havelaar, the fair trade mark organization in Belgium, employs 3 persons. Max Havelaar coffee is used by 10 commercial roasters and the 3 fair trade organizations Magasins du Monde Oxfam, Oxfam Wereldwinkels and Fair Trade Organisatie.

The products are mainly sold through the world shops and supermarkets, and to a very limited extent through individual stores such as groceries.

The world shops play a very active role in providing information and raising political awareness. Also marketing is being taken up: training of world shop staff in the field of marketing has shown a remarkable effect on sales in these shops.

The market for fair trade

Total retail turnovers for world shops in Wallon were 1.6 million ECU (1994) and in Flanders 6.5 million ECU.

Public awareness of fair trade is estimated to range between 60 and 70%, while 17% of the population are willing to buy fair trade coffee.

Retail prices of fair trade products are somewhat higher than those of comparable non fair trade products, but the price differences are said to be smaller than in the other European countries. Coffee is about 15 to 20% more expensive, but handicrafts can be cheaper. The most successful world shops seem to be located in medium-sized towns, where people do their day-to-day shopping in a number of different shops. The average customers are women, 20-45 years old, with secondary or higher education, employed in the social sector with an above average income (but often below their level of education).

The main products sold are: coffee, wine, honey, textiles, chocolate and nuts. Coffee is the most important product in terms of turnover, with a wholesale value of 1.6 million ECU, followed by wine, worth 700,000 ECU in 1993.

There is a tendency towards providing more information and education, especially to young people, and paying increasing attention to lobbying.

A steady growth can be observed in fair trade in Belgium, both in terms of points of sale and in turnover.

The growth in turnover of Max Havelaar coffee approximates 10% per year.

Table 1: The structure of fair trade in Belgium

import organizations:	2
wholesale organizations:	5
retailers:	
world shops	200
supermarkets	8 chains
points of sale:	several hundred
staff:	40
trademarks:	Max Havelaar
retail channels:	
mail order	yes
individual fair trade stores	yes
chains of fair trade stores	yes
individual commercial stores	no
commercial chains	yes
budgets for education & PR:	-

Table 2: The market for fair trade in Belgium

wholesale turnover:	
coffee by Oxfam (Flanders & Wallon, 1994)	1.6 million ECU
retail turnover:	
world shops in Flanders	6.5 million ECU
world shops in Wallon	1.6 million ECU
Max Havelaar (excl. world shops)	ca. 1.9 million ECU
total retail turnover in Belgium	ca. 10 million ECU
public awareness of fair trade:	65%
public awareness of fair trade products:	
population willing to buy	17%
willingness to pay a higher price:	-
market share:	
Max Havelaar coffee	1%
turnover per product category:	
coffee through world shops	ca. 2 million ECU
wine through world shops	0.7 million ECU

5. DENMARK

The structure of fair trade

The Danish fair trade sector includes three major importers, who are also wholesalers: **U-Landsimporten**, **Butik Salam** and **Svalerne**. There are seven (100%) fair trade shops, whereas about 40 commercial stores and some 150-300 supermarkets sell a number of fair trade products. The main fair trade products sold by the supermarkets are foodstuffs from U-landsimporten.

The fair trade shops and importers are autonomous and democratically organized. There is no umbrella organization yet, nor an association of world shops. Since November 1994, the Max Havelaar fair trade mark has a Danish branch.

The sector involves some 10 salaried employees along with around 100 volunteers.

Retail channels include a mail-order catalogue, world shops, commercial shops and supermarkets. The world shops are not formally linked together.

Information is disseminated through newsletters, newspapers, brochures, magazines and local media. Information published in public media consists mainly of personal stories about members of fair trade organizations.

Budgets for education and marketing are not part of the general budget, but consist mainly of external grants and amount to some 10% of the budgets of fair trade organizations.

Efforts are currently being made to establish a national fair trade organization.

The market for fair trade

Wholesale turnover in Denmark amounts to some 2.5 million ECU, whereas the retail turnover of the seven world shops is about 3 million ECU.

Public awareness of fair trade is poor (10-15%), partly due to the small number of shops. However, products may be known better (25-30%), because people buy them not for the sake of fair trade, but because of their exclusiveness and quality. Price differences are not very relevant, because many fair trade products can hardly be compared to products in the general market, especially the exotic ones. The locations of the shops are rather favourable, and the availability of the products is reasonable and improving. Non-food products are more important than food products; for retailers they make up 80 to 85% of the turnover. Products sold by Butik Salam and Svalerne include clothes, jewellery, gifts, basketry, toys and musical instruments. U-Landsimporten is specialized more in food products such as coffee, tea, cocoa, sugar, spices, nuts and honey. The market share of coffee is very limited (less than 1%), but this percentage is expected to rise following the introduction of coffee with the Max Havelaar label in the Spring of 1995.

Turnover and the number of shops are increasing year by year.

Table 1: The structure of fair trade in Denmark

import organizations:	3
wholesale organizations:	3
retailers: world shops commercial shops supermarkets	 7 40 150
points of sale:	200
staff:	20
trademark:	-
retail channels: mail order individual fair trade stores chains of fair trade stores commercial stores commercial chain of stores	 yes yes no yes yes
budgets for education & PR:	negligible

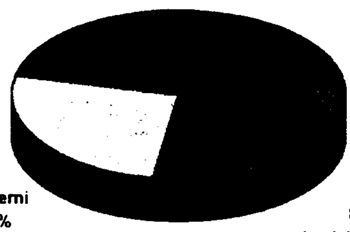


Table 2: The market for fair trade in Denmark

wholesale turnover:	2.5 million ECU
retail turnover: world shops	 3 million ECU
public awareness of fair trade:	10-15%
public awareness of fair trade products:	25-30%
willingness to pay a higher price:	not relevant as products are distinct
market share: coffee	 0.1%
turnover per category:	non-food 80-85%

6. FRANCE

The structure of fair trade

In France, at least three organizations import and wholesale fair trade products from the South: **Solidar'Monde** (EFTA member), **Andines** and **Aspac**. Besides these organizations, there is one (coffee) licensee of **Max Havelaar France**.

Solidar'Monde is the most important fair trade organization and the main supplier of the world shops, which are united into the **Fédération Artisans du Monde**.

Max Havelaar France is the equivalent of the Dutch initiative and as such a fair trade mark organization. Unfortunately, no information was received from Max Havelaar France and, as a result, this report includes no data on their licence holders' role in fair trade.

Fair trade products are sold through the 54 registered member shops of the Fédération Artisans du Monde, bio shops, but mainly through mail-order catalogues. Coffee with a Max Havelaar trademark is sold in certain regions in France; the total number of supermarkets involved is unknown.

Solidar'Monde employs 9 persons and Fédération Artisans du Monde has 4 full-time paid staff. Most of the world shops are run by volunteers. Their estimated number could be as high as 1500.

The market for fair trade

In 1994, the wholesale turnover of Solidar'Monde amounted to 1.7 million ECU; the retail turnover of the world shops united in Artisans du Monde was estimated at 1.2 million ECU, and retail turnover through mail order catalogues approximately 710,000 ECU. Food products represent 38% of gross sales, while handicrafts account for 61% of turnover. Although fair trade has grown substantially, especially during the last three years, a high market potential still remains to be tapped.

For example, the market share of coffee, the most important product, is only 0,1‰. According to a recent survey, 37% of the general public are prepared to pay a higher price for products which are traded in a fair way. A problem appears to be the limited number of world shops and other points of sale.

As in many other countries, the majority of customers of world shops are middle-class women. Solidar'Monde and the Fédération Artisans du Monde put a substantial effort into raising awareness of fair trade and improving the system for marketing the products by making use of the media and by conducting campaigns. The budget of Solidar'Monde for these activities amounts to 92,000 ECU; that of Fédération Artisans du Monde is between 77,000 and 153,000 ECU.

Little information is available about the price difference between world shops and the regular retail system.

Table 1: The structure of fair trade in France

import organizations:	at least 4
wholesale organizations:	at least 4
retailers: world shops	 54
points of sale:	-
staff: Solidar'Monde Andines Aspac Artisans du Monde	 9 4 1 4
trademarks:	Max Havelaar
retail channels: mail order world shops commercial stores commercial chains of stores	 yes yes yes yes
budgets for education & PR: Solidar'Monde Fédération Artisans du Monde	 9,200 ECU 77,000-153,000 ECU

Table 2: The market for fair trade in France

wholesale turnover: Solidar'Monde (1994)	 ca. 1.7 million ECU
retail turnover: World Shops (= Artisans du Monde) mail order catalogues Max Havelaar coffee estimated total retail turnover	 ca. 1.2 million ECU ca. 0.7 million ECU ? ca. 2.5 million ECU
public awareness of fair trade:	-
public awareness of fair trade products:	13%
willingness to pay a higher price:	37%
market share: coffee	 0,1‰
turnover per product category: (Solidar'Monde)	food: 38% handicrafts: 61% other: 1%

7. GERMANY

The structure of fair trade

The biggest import and wholesale organization is **gepa**, others being **Ravensburg**, **El Puente**, **Teamversand** and **Sancho Pancho**. In addition, some world shops take care of their own imports. There is also a German branch of the fair trade mark organization **TransFair**.

The retail channels are very diverse: (a chain of) world shops, individual shops (groceries and natural food stores), commercial stores, chains of supermarkets and mail-order catalogues.

Some 30,000 points of sale are involved in retailing, most of which only sell TransFair coffee. TransFair coffee is sold in 25,000 shops, including big supermarkets and the Rewe chain (with 2,400 supermarkets). There are about 700 world shops in Germany, as well as 3,000 to 4,000 - mainly church-based - groups selling fair trade products.

The world shops are organized into a national federation: **AG Dritte Welt Läden**, of which about 110 out of the 700 world shops are members.

The labelling initiative, TransFair Germany, is member of the international organization: TransFair International. TransFair was founded and is directed by an association involving 32 social, religious and development organizations.

The world shops' budgets for education and marketing are very low. However, a range of channels for the dissemination of information are used, e.g. television, radio, newspaper articles, video tapes, posters, leaflets, brochures, slide shows and pamphlets.

The latest developments in Germany are the extension of the trademark to include other products such as honey, tea, sugar, cocoa and chocolate.

The market for fair trade

GEPA's wholesale turnover was 25 million ECU in 1993/94. Exact figures on retail turnover are not known.

Fair trade and fair trade products are rather well known in Germany. 10% of the population are willing to buy fair trade products and 17% is familiar with TransFair coffee. Around 2% of the population buy fair trade products at present. The market share of TransFair coffee is 2%.

Both commercial importers, traders and retailers are interested in TransFair coffee. As many as 25 small and medium-sized coffee roasters have included TransFair coffee in their product range. There is a tendency among commercial businesses to introduce special "ecological" or "fair" product lines bearing their own trademark, but not necessarily according to the criteria applied by the fair trade sector in Germany.

Although fair trade products can be up to 40% more expensive, people are prepared to pay a higher price for it. 37% of those who are familiar with TransFair coffee are willing to pay up to 1 ECU extra per kilo. The quality and attractiveness of the products is improving, but due to insufficient working capital, products are regularly out of stock. The fair trade sector sells about 3,000 different products. The world shops are not situated in the main shopping centres.

Consumers of fair trade products are generally well-educated, earn above average incomes, and are 25-40 years old (customers of the church-based groups are older).

Turnover and the number of points of sale are increasing; fair trade is a growth market.

Table 1: The structure of fair trade in Germany

import organizations:	5
wholesale organizations:	5
retailers: world shops action groups supermarkets	 700 4.500 2.400
points of sale: TransFair coffee	 25,000
staff:	125
trademarks:	TransFair
retail channels: mail order individual fair trade stores chains of fair trade stores commercial stores commercial chains of stores	 yes yes yes yes yes
budgets for education & PR:	negligible

Table 2: The market for fair trade in Germany

wholesale turnover: GEPA	 19.4 million ECU (1992/93) 25.0 million ECU (1993/94)
retail turnover - rough estimates 1994: world shops & mail order TransFair products (excl. world shops) total retail turnover	 65 million ECU 25 million ECU 80 million ECU
public awareness of fair trade:	-
public awareness of fair trade products: buying fair trade products willing to buy fair trade products familiar with TransFair coffee	 2% 10% 17%
willingness to pay a higher price: fair trade coffee	yes 37% of those familiar with fair trade coffee are prepared to pay up to 1 ECU more per kilo
market share: TransFair coffee	 2%
turnover per category:	-

8. IRELAND

The structure of fair trade

In Ireland, the only national organization that concentrates on importing, wholesaling and retailing fair trade products is **Tradeireann**. Taking Northern Ireland into account as well, **Trocaire** and **War on Want** must be added. There are also four wholesale organizations that import fair trade products from alternative trading organizations in the United Kingdom: Galloway Wholefoods, Wholefood Wholesale and Munster Wholesales purchase from Traidcraft, whereas Lifeforce only imports Cafédirect.

The retail network furthermore includes the Oxfam Shops, a few Third World Shops (in Athlone, Galway, PortLaoise) and a number of supermarkets and health food shops - all in all some 60 points of sale. Another retail channel is the mail-order catalogue of Trocaire, mainly distributed in Northern Ireland.

There is an umbrella organization which functions as a network for the distribution of fair trade products and the promotion of educational campaigns among all groups involved in development aid and development education: the **Irish Fair Trade Network** - IFTN.

The UK's labelling organization (FairTrade Foundation) is also present in Ireland, where labelled products are distributed (i.e. Cafédirect). They are still investigating the possibility of having one agreed national labelling initiative.

Information on development issues is disseminated through leaflets in shops, displays, events, seminars, training sessions, development education centres, schools, community groups and general talk to the public. The IFTN budget for education is about 35,000 ECU.

The market for fair trade

Few figures are available about the dimension of the market or estimates of wholesale or retail turnover.

The general attitude among commercial importers or wholesalers shows a lack of positive response or interest in fair trade, except among the ones mentioned above. The lack of response may be contributed to a lack of knowledge and awareness about fair trade.

It is not possible to quantify the consumers' reaction because national market research was never conducted; only a local survey which indicates that the average consumer is cost-conscious, committed and increasingly interested in development and equity issues.

Generally speaking, the products are too expensive since most of them are imported via the U.K.

Table 1: The structure of fair trade in Ireland

import organizations:	1
wholesale organizations:	4
retailers: world shops commercial shops supermarkets	
points of sale:	60
trademarks:	FairTrade Foundation
retail channels: mail order world shops commercial stores commercial chains of stores	 yes yes yes yes
budgets for education: IFTN	 35,000 ECU

Table 2: The market for fair trade in Ireland

wholesale turnover:	-
retail turnover:	-
public awareness of fair trade:	-
public awareness of fair trade products:	-
willingness to pay a higher price:	-
market share:	-
turnover per product category:	-

9. ITALY

The structure of fair trade

Fair trade in Italy is characterized by the presence of four importers: **CTM** (*Cooperazione Terzo Mondo*), which is the largest one; **Commercio Alternativo**, the second largest one, founded in 1992; and two smaller importers, **Sir John** and **RAM** - *Robe dell'Altro Mondo*, which operate independently but collaborate with CTM. Next to these organizations there is a financing cooperative, **CTM-MAG**, which collects savings and grants loans mainly to fair trade organizations in Italy and abroad.

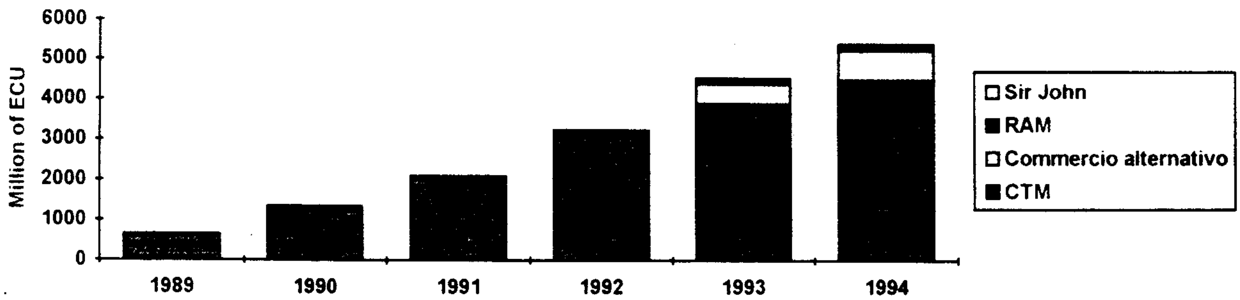
The TransFair labelling initiative was introduced at the end of 1994 by a number of major NGOs (ACRA, Mani Tese) and their federations (FOCSIV and CIPSI), a consumer association, fair trade organizations (Association of World Shops, CTM, CTM-MAG, Commercio Alternativo) and other national solidarity organizations, such as Pax Christi, ARCI, ACLI.

There are over 150 world shops in Italy, 61 of which are members of CTM. A number of world shops (31) are organized into a national association (**Associazione Botteghe del Commercio Equo e Solidale Italia**).

There are about 400 points of sale for fair trade products, mostly world shops plus a few commercial shops and some chains of supermarkets. CTM has its own mail-order catalogue.

The fair trade organizations and the world shops employ a total of approximately 70 persons. Press coverage of fair trade is good. CTM's marketing budget is 375,000 ECU, the education budget amounts to 160,000 ECU.

Turnover growth for Italiana fair trade importers



The market for fair trade

Total wholesale turnover is estimated at about 5.7 million ECU in 1994, and retail turnover at around 9 million ECU. The Italian consumer is still poorly informed about fair trade and the differences with traditional commerce, but estimations are that 15% would be willing to get in touch with and support fair trade and would be prepared to pay a slightly higher price for products which are "ethically sound".

The prices of fair trade products do not differ much from those in regular trade, but differences vary according to the kind of product. Customers appear to buy fair trade products primarily because of their high quality (26%) and uniqueness (17%). An obstacle to the further development of fair trade is the poor availability of the products to the consumer. The main products categories are foodstuffs (coffee, tea, honey, cocoa, chocolate, dried nuts, spices, cane sugar, dried fruits and exotic fruit jam) and handicrafts. Food accounts for approximately 60% of the turnover, non-food for 40%.

The locations of the world shops are somewhat unfavourable and they are mainly concentrated in the northern part of the country. One of the major cooperative chains of supermarkets is testing the introduction of a number of fairly traded food products into their product range on a local scale. Commercial shops show an increasingly positive attitude towards fair trade.

67% of the customers of the world shops are women between 18 and 44 years old. 35% of the customers are students, 34% are clerical workers and 13% are entrepreneurs and professionals. 36% have received at least secondary education. 73% of world shop customers actually prefer supermarkets for purchasing food products. Most visitors of world shops visit the shops regularly.

The market share of fair trade coffee is only 0.1% but is increasing. CTM experienced a spectacular growth in turnover in the past five years. The most important new development now is the introduction of the TransFair trademark.

Table 1: The structure of fair trade in Italy

import organizations:	4
wholesale organizations:	3
retailers: world shops	 160
points of sale:	400
staff:	70
trademarks:	TransFair
retail channels: mail order individual fair trade stores chains of fair trade stores commercial stores commercial chains of stores	 yes yes no yes yes
budgets for education & PR: CTM	 535,000 ECU

Table 2: The market for fair trade in Italy

wholesale turnover:	5.7 million ECU
retail turnover:	9 million ECU
public awareness of fair trade:	15%
public awareness of fair trade products:	-
willingness to pay a higher price:	15%
market share: coffee:	 0.1%
turnover per product category: coffee handicrafts	 24% of total CTM turnover 39% of total CTM turnover

10. LUXEMBOURG

The structure of fair trade

Terra Roxa is involved in importing and wholesaling, **Maison Santos** only in wholesaling (coffee roaster and wholesaler to the institutional market). The majority of imports are realized through German, Belgian and Dutch importers. The retail market consists of 4 world shops (in Bettembourg, Esch, Ettelbrück and Luxembourg), 3 supermarket chains (Monopol, Match and Cactus) and 35 natural food shops. This totals 40 points of sale in the fair trade and natural food sector plus 80% of the supermarkets.

Two fair trade marks are used in Luxembourg: **TransFair** and **Max Havelaar**, making it the only country surveyed in this study with more than one fair trade mark.

The fair trade sector in Luxembourg employs only one person (at TransFair Minka). The world shops are run entirely by volunteers.

Retail channels include individual stores, chains of stores, commercial stores and commercial chains of stores. Information on fair trade and fair trade products is disseminated through the radio, television, newspaper articles, press conferences, information leaflets, seminars and personal information.

The budget for education and marketing amounts to 25,000 ECU (probably only for TransFair Minka).

There is no umbrella organization in Luxembourg's fair trade sector, although the trademark organization TransFair Minka is actually functioning as one. All four world shops are members of TransFair Minka, in addition to a number of third world organizations, solidarity groups and environmental organizations. Besides, a variety of informal networks exists between the wholesale organizations, the trademark organization and the world shops.

In October 1994, TransFair Minka established an office with one staff member with the aim to achieve a further professionalization of the fair trade sector in Luxembourg. This is the most important recent development.

The market for fair trade

Wholesale turnover in the sector amounts to 150,000 ECU; retail turnover figures are not available.

No studies are available on public awareness of the fair trade sector. Some interest has been shown by commercial retailers, as is reflected by the large number of supermarkets engaged in the sale of fairly traded coffee.

The products sold in the world shops include a range of food and non-food products. The customers appear to be relatively wealthy, which may have a certain effect on their willingness to pay more than for other products.

The market share of fair trade coffee is 1.4%.

Table 1: The structure of fair trade in Luxembourg

import organizations:	1
wholesale organizations:	1
retailers: world shops natural food shops chains of supermarkets	 4 35 3
points of sale:	40 in fair trade plus 80% of supermarkets
staff:	1
trademarks:	Max Havelaar and TransFair
retail channels: mail order individual fair trade stores chains of fair trade stores commercial stores commercial chains of stores	 no yes no yes yes
budgets for education & PR:	25,000 ECU

Table 2: The market for fair trade in Luxembourg

wholesale turnover:	150,000 ECU
retail turnover - rough estimate:	190,000 ECU
public awareness of fair trade:	-
public awareness of fair trade products:	-
willingness to pay a higher price:	-
market share: coffee	 1.4%
turnover per product category:	-

11. THE NETHERLANDS

The structure of fair trade

Of the 26 import/wholesale organizations in the alternative market, **Fair Trade Organisatie** - the Dutch EFTA member, which was formerly called SOS Wereldhandel - is by far the most important one. The others, such as **Goed Werk**, **Cohan**, **Miel Maya Honing** etc., mainly import handicrafts.

The **Max Havelaar** fair trade mark organization has 22 licensees for coffee, cocoa and honey.

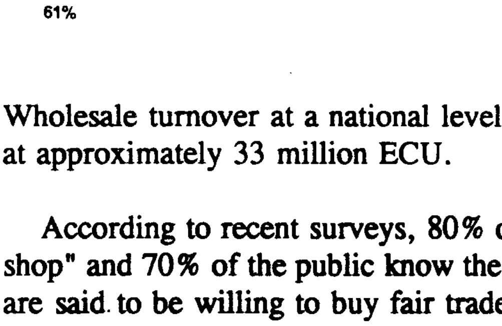
Retail channels include world shops and fair trade shops, mail-order catalogues, a few commercial shops, 50 supermarkets selling a complete range of fairly traded food products, and, for the Max Havelaar products, 90% of the Dutch supermarkets - adding up to some 7,000 points of sale for Max Havelaar coffee and other labelled food products.

The alternative market consists of 1,250 points of sale, including 380 world shops organized into the **National Association of World Shops** (or *Landelijke Vereniging van Wereldwinkels*) and the 6 shops managed directly by Fair Trade Organisatie.

Considering the whole range of import organizations, world shops and labelling initiatives, the fair trade sector employs an estimated 200 persons.

Fair Trade Organisatie's budget for education is 280,000 ECU and that for marketing 1.1 million ECU, i.e. a total of 1.4 million ECU.

Retail value of Fair Trade Organisatie



The market for fair trade

For the Dutch market leader, Fair Trade Organisatie, wholesale turnover amounted to 16 million ECU in 1994, whereas retail turnover amounted to around 20 million ECU, mainly obtained through the network of world shops (10 million ECU through alternative shops, 5 million ECU through the institutional market, 1 million ECU through mail-order catalogue).

Wholesale turnover at a national level is estimated at 17.7 million ECU and retail turnover at approximately 33 million ECU.

According to recent surveys, 80% of the Dutch public are familiar with the name "world shop" and 70% of the public know the Max Havelaar trademark, whereas 15% of the public are said to be willing to buy fair trade products and pay a higher price for them compared to regularly traded products.

The leading coffee roaster, Douwe Egberts, has a rather rejective attitude towards fairly traded coffee but spreads a so-called fairly traded coffee (5% of all its purchases) over all its regular blends. While Max Havelaar blends are 100% "fair", Douwe Egberts uses on average only 5% fairly traded coffee, and even this small percentage is not purchased according to the criteria set by Max Havelaar.

Most commercial coffee importers appear to perceive fair trade as a threat, but at the same time as a chance to win back lost market shares. The "cold feet" of commercial traders and "fair" traders about doing business with one another are getting warmer on both sides.

Due to the rise in coffee prices on the world market, some commercial types of coffee have become more expensive than Max Havelaar since October 1994, while normally Max Havelaar is up to 40% more expensive. Crafts products are generally up to 10% cheaper in world shops compared to commercial retailers. The attractiveness of the products seems to be good. Availability of food products is never a problem, but handicrafts may involve stock problems.

Over 200 world shops have adopted the "corporate" style of the Landelijke Vereniging van Wereldwinkels. The Fair Trade shops are highly appreciated for their good locations, regular opening hours and modern image. Fair Trade Organisatie imports some 2,500 food and non-food products. The Max Havelaar trademark is presently applied to coffee, honey, cocoa and chocolate and will be extended to include other products soon.

Average customers of the fair trade sector are women with a higher level of education and above average incomes. The market share of Max Havelaar coffee is 2.3%, the institutional market taking up 40% of that percentage. In the world shops, food and non-food products contribute equally to the total turnover. Growth in turnover of world shops: 15% per year, growth in sales outlets 5% per year. The market share of Max Havelaar coffee seems to stabilize now at 2.3%.

Table 1: The structure of fair trade in the Netherlands

import organizations:	26
wholesale organizations:	26
retailers: world shops Fair Trade shops supermarkets with range of fair trade products	 380 6 50
points of sale: fair trade fair trade in supermarkets Max Havelaar in supermarkets	 1,250 50 7,000
staff:	110
trademarks:	Max Havelaar
retail channels: mail order individual fair trade shops chains of fair trade shops commercial stores chains of supermarkets	 yes yes yes yes yes
budgets for education & PR:	1.4 million ECU

Table 2: The market for fair trade in the Netherlands

wholesale turnover:	17.7 million ECU
retail turnover: Max Havelaar coffee mail order world & Fair Trade shops (incl. Max Havelaar coffee)	ca. 33 million ECU in total 25.6 million ECU 1 million ECU 11.6 million ECU
public awareness of fair trade: Max Havelaar world shops	 70% 80%
public awareness of fair trade:	15%
willingness to pay a higher price:	12-15%
market share: Max Havelaar coffee	 2.3%
turnover per category: world shops food world shops non-food	 5.4 million ECU 5.4 million ECU

12. NORWAY

The structure of fair trade

In Norway there are several smaller organizations that import fair trade products. A variety of solidarity groups, private organizations and also world shops import products on their own, but there is one bigger import and wholesale organization: **Alternativ Handel**. As a wholesaler, Alternativ Handel has 300 to 400 customers, but it also has its own shop. Other retailers include 9 other world shops (members of Alternativ Handel), several NGOs (using mail-order catalogues), individual commercial shops (no chains of stores) and an unknown number of solidarity groups which, in a way, could be regarded as "third world shops". **Stiftelsen Alternativ Handel** is the mother organization of Alternativ Handel; Stiftelsen is concerned with support to producers in the Third World, political action and development education; it also conducts some educational activities on fair trade.

There is no fair trade mark or trademark organization in Norway.

Alternativ Handel employs 7 salaried persons; Stiftelsen 4. Both organizations together have a voluntary staff of 40 to 50 persons.

The budget for development education at Stiftelsen is 96,000 ECU; a small proportion is spent on education on fair trade.

Alternativ Handel's budget for marketing is about 55,000 ECU, about half of it being co-financed by the national government.

The market for fair trade

In 1993, Alternativ Handel's wholesale turnover was 429,000 ECU; in 1994 it had grown by 52% to 653,000. Retail turnover of Alternativ Handel was 278,000 ECU in 1993 and 212,000 ECU in 1994. In 1994 the number of world shops increased from 6 to 10.

An estimated 10% of the public has heard about fair trade. Most customers are women between 40 and 60 years of age. The market share of fair trade products is too small to be estimated.

The attitude of commercial importers and wholesalers towards fair trade is positive: they do not see fair trade as a competitor (obviously due to its limited size until now). Retailers are enthusiastic about the imported products and buy them from Alternativ Handel. The prices of fair trade products are roughly 30% higher than "normal" products; this is not seen as a problem because of their high quality and their solidarity background. The products are very attractive. Availability is often a problem, caused by a lack of working capital at Alternativ Handel.

Only 14% of fair trade products in Norway are food products; accessories are the most important articles (21%), followed by toys (16%), clothes (11%), and jewellery (9,4%).

At the moment, efforts are being made to organize the 10 world shops on a franchise basis. The professional approach within the framework of the Stiftelsen's franchise concept will help to make the shops more attractive.

Table 1: The structure of fair trade in Norway

import organizations:	unknown
wholesale organizations:	1
retailers: world shops action groups commercial stores	 10 several several
points of sale:	300-400
staff: Alternativ Handel Stiftelsen	 7 4
trademarks:	-
retail channels: mail order individual fair trade stores chains of fair trade stores commercial stores commercial chains of stores	 yes yes yes yes no
budgets for education & PR:	small

Table 2: The market for fair trade in Norway

wholesale turnover: Alternativ Handel	 429,000 ECU (1993) 653,000 ECU (1994)
retail turnover: Alternativ Handel (own shop and mail order) estimated total retail market in 1994:	 278,000 ECU (1993) 212,000 ECU (1994) ca. 850,000 ECU
public awareness of fair trade:	to 10%
public awareness of fair trade products: population buying fair trade willing to buy fair trade products familiar with fair trade	 - - 10%
willingness to pay a higher price:	yes
market share:	-
turnover per category: accessories toys food clothing jewellery wooden articles	 21% 16.0% 13.9% 11.0% 9.4% 8.4%

13. SPAIN

The structure of fair trade

There are four importers in Spain: **Alternativa 3, Sandino Ideas, Alternativa Solidaria, Intermón** (a foundation for the Third World now also involved in importing and retailing). The first two organizations mentioned are also active in wholesaling. There are 11 retail organizations: **Alternativa 3, Sandino Ideas, Alternativa Solidaria, Sodepaz, Herriak Aske, Equi Mercado, Aladino, Poquis, s'Altra Senalla, Solera Solidaria, Ypé**. Tasba Pri, formerly a wholesale organization, is now linked with Sandino and Alternativa 3 and exist no longer as an individual organization.

In total, Spain has 48 points of sale for fair trade products. The sector employs 43 persons. There are no international trademarks yet, but four national marks exist: Tiendas de Solidaridad, Liberación, Alternativa 3, Mark A3.

The retail channels include mail-order catalogues, individual and chains of fair trade stores, and individual commercial stores, but no supermarket chains.

The budget for education and marketing is 60,000 ECU, used for the dissemination of information through various channels.

The world shops have been established by different organizations, so each of them follows different procedures and approaches. Most fair trade organizations meet regularly every 2-3 months. There is a coordinator who functions as an "umbrella", but only on an informal basis. The coordinator speaks on behalf of the participants in the fair trade meetings.

The main goal in the short and medium term is to set up an import organization for all the organizations, which should also perform a regional task in sales, information and education. The Spanish fair trade sector is seeking to build a common image and introduce more trademarks.

The market for fair trade

Wholesale turnover in 1994 amounted to 250,000 ECU, and retail turnover to 1.5 million ECU (apparently the retail margins are extremely high). Commercial retailers sometimes agree with the principles of fair trade, but they may also regard fair trade as just another competitor. Price differences with the commercial market range between 0 and 50%.

In some cases, the most attractive products are difficult to obtain because of a shortage of stock. The availability of semi-industrial and food products can always be guaranteed more easily. The points of sale are attractive and inviting as time and effort have been taken to ensure a good presentation.

Fair trade products in Spain include: handicrafts, textiles, food, literature, recycled paper, jewellery, musical instruments, games and music.

The average customers are women, 17-30 years old, students, employees, open-minded persons.

In contrast to other European countries, coffee is not an important article in fair trade. Price differences with regular coffee are too high (up to 400%), although in the past few months these differences have been decreasing, thus allowing this market to grow.

In the last four years, retail turnover has grown spectacularly, from 95,000 ECU to 1,5 million ECU. The number of points of sale has increased from 8 to 48.

New points of sale are to be established in the form of shops, commercial wholesalers and retailers, showrooms, groups and development NGOs.

Table 1: The structure of fair trade in Spain

import organizations:	4
wholesale organizations:	2
retailers:	11
points of sale:	48
staff:	43
trademarks:	Tiendas de Solidaridad, Liberación, Alternativa 3, Mark A3
retail channels:	
mail order	yes
individual fair trade stores	yes
chains of fair trade stores	yes
commercial stores	yes
commercial chains of stores	no
budgets for education & PR:	60,000 ECU

Table 2: The market for fair trade in Spain

wholesale turnover:	250,000 ECU
retail turnover:	1.5 million ECU
public awareness of fair trade:	-
public awareness of fair trade products:	-
willingness to pay a higher price:	-
market share:	-
turnover per products category:	-

14. SWEDEN

The structure of fair trade

In Sweden, there are several smaller organizations which import fair trade products: a range of solidarity groups, private organizations and world shops import products on their own; there is one bigger import and wholesale organization: **Sackeus**, which employs 12 persons and is supported by 10-15 voluntary workers.

There is also an association of world shops, **USAM**.

The market for fair trade

In 1994, the wholesale turnover of Sackeus was around 1 million, a growth of 10% compared to the previous year. Sackeus's retail turnover was 180,000 ECU. Sales by Sackeus consist mainly of food products (25%), followed by jewellery (20%), toys, accessories and ceramics. No exact information could be collected on the total retail market: by a very rough estimate, it could amount to 2 million ECU.

According to recent market surveys, 60% of the Swedish consumers are willing to pay a higher price for fairly traded products.

Table 1: The structure of fair trade in Sweden

import organizations:	several
wholesale organizations:	several
retailers: Sackeus world shops other world shops	 3 ca. 50
points of sale:	ca. 100
staff: Sackeus	 12
trademarks:	none
retail channels: mail order world shops commercial stores commercial chains of stores	 yes yes yes yes
budgets for education & PR:	

Table 2: The market for fair trade in Sweden

wholesale turnover: Sackeus	 ca. 1 million ECU
retail turnover: Sackeus rough estimate of the total retail market	 ca. 0.18 million ECU ca. 2 million ECU
public awareness of fair trade:	-
public awareness of fair trade products:	-
willingness to pay a higher price:	60%
market share:	-
turnover per product category: (Sackeus)	food: 25% jewellery: 20% toys: 16% ceramics: 15% accessories: 15%

15. SWITZERLAND

<u>The structure of fair trade</u>

Several organizations in Switzerland are involved in importing: EFTA member **OS3**, **Caritas Fairness** and some of the wholesale organizations. Since the introduction of the **Max Havelaar** labelling initiative, a number of commercial importers have - as licensees - imported products according to fair trade criteria.

OS3 is an organization of 20 NGOs, including the three associations of world shops (**V3WL** - *Vereinigung Dritte Welt Läden*, **Magasins du Monde** and **Prodotti Terzo Mondo**), organized separately for the Italian-, French- and German-speaking parts of the country. OS3 imports from its own overseas partners and from other EFTA members. 11 organizations are known to be involved in wholesaling: the so-called Regionallager or regional depots (in Basel, Bern, Bisschofszell, Buchs, Luzern, Zürich, Lausanne and Bellinzona), Vanadis, Bioexpress and Biocentre.

There is one fair trade mark for four products (coffee, honey, sugar and cocoa): **Max Havelaar**. Contracts have been concluded with 40 coffee roasters.

The total number of points of sale is estimated at 1000 world shops and almost 3000 commercial retailers (Max Havelaar products).

Excluding the world shops, the fair trade sector employs 55 persons.

The retail network consists of world shops, individual stores (e.g. stores with organic products), chains of stores (health food stores, drugstores), commercial stores (Jelmoli and independent retailers) and commercial chains of stores (e.g. EPA, Manor, Waro, Globus, Migros, Coop, Volg). 85% of all commercial retailers sell Max Havelaar products.

Information is provided through world shops, working groups, journals, campaigns, catalogues, church bulletins. The supermarket chains give information on Max Havelaar products in their own magazines. OS3 and V3WL both spend 0.12 million ECU on education and marketing; Max Havelaar spends 0.28 million ECU. A problem experienced by many world shops is that they still have a rather dull image. In 1994, a start was made with the internal restructuring and renovation of the corporate identity and corporate design. The success achieved by Max Havelaar has led to more competitiveness, which in turn supports these efforts. There is also a need for better structures (import-wholesaling) and better service to the shops (information, economic incentives). OS3, the world shops and Max Havelaar cooperate in the field of marketing and promotion.

<u>The market for fair trade</u>

Wholesale turnover of OS3 amounted to 6.4 million ECU in 1994 (it increased from 3.7 million ECU in 1989). The product range was reduced from 800 to 600 during these years.

Max Havelaar's wholesale turnover exceeds 15.7 million ECU (this figure includes a portion of the turnover of OS3).

The market share of coffee with a fair trade mark is 5%; the market share of fair trade honey is 8%.

Max Havelaar conducted a study to measure the awareness of fair trade coffee among the general public and found that fairly traded coffee is known by 36% of the costumers. The price difference varies. In many cases, no comparison is possible because of the differences in quality. Higher prices do not seem to be a problem: people buy the products because it makes them feel good and because they seem to represent an air of real taste and origin. Constant availability is not guaranteed in most cases (except Max Havelaar products), which is considered a problem.

Table 1: The structure of fair trade in Switzerland

import organizations:	10
wholesale organizations:	11
retailers: groups world shops supermarkets	 140 260 3,000
points of sale:	3,500
staff (excl. world shops): OS3 V3WL Magasins du Monde Max Havelaar	 14.5 30 4 6.5
trademarks:	Max Havelaar
retail channels: mail order individual stores chains of fair trade stores commercial stores chains of commercial stores	 yes yes yes yes yes
budgets for education & PR: OS3 V3WL Max Havelaar	 0.12 million ECU 0.12 million ECU 0.28 million ECU

Table 2: The market for fair trade in Switzerland

wholesale turnover: OS3 Max Havelaar	 6.4 million ECU 15.7 million ECU
retail turnover: OS3 Max Havelaar products total fair trade retail market (estimate)	 ca. 7 million ECU ca. 20 million ECU ca. 30 million ECU
public awareness of fair trade:	-
public awareness of fair trade products: population buying fair trade familiar with fair trade coffee	 more than 5% 36%
willingness to pay a higher price:	-
market share: coffee honey	 5% 8%
wholesale turnover per category: coffee honey cocoa products other food products handicrafts	 12.5 million ECU 1.7 million ECU 0.3 million ECU 1 million ECU 2 million ECU

16. UNITED KINGDOM

The structure of fair trade

In the United Kingdom, there are seven importers (i) and five wholesalers (w), four of whom are also retailers (r) of alternatively traded goods: **Traidcraft** (i, w & r), **Oxfam Trading** (i, w & r), **Twin Trading** (i & w), **Equal Exchange** (i & w), **Tearcraft** (i & w), **Shared Earth** (i & r) and **Bishopston Trading** (i & r).

The total number of points of sale, including independent shops, is estimated to be 3,000. Some world shops are in the process of forming a federation of world shops. Oxfam, Shared Earth and Bishopston Trading have their own shops. As a result, the retail network consist of world shops, chains of fair trade stores (mainly the 625 Oxfam shops) and some mail-order catalogues.

The only umbrella organization is the Cafédirect consortium - a project of Oxfam, Traidcraft, Twin Trading and Equal Exchange to market a fair trade brand of coffee in the supermarkets. There is regular cooperation between the different fair trade organizations in the UK.

The sector employs about 650 persons (excluding the world shops which are run by around 30,000 voluntary workers).

There is one trademark, the **Fairtrade Mark**, operated by the Fairtrade Foundation for the labelling of coffee (roasted and ground and freeze-dried instant), teas and chocolate. Three licensees are currently involved in importing and trading Fairtrade Mark products.

Fairtrade Mark products are available from the major supermarket chains - Sainsbury's, Safeways, Tesco, ASDA, Waitrose, Somerfield (Gateway), Morrison, CWS and CRS (Co-ops) - and from a range of health food shops, smaller stores and independent retailers, totalling over 1,000 points of sale.

Fairtrade Foundation devotes about 15% of its total budget to education and promotion, with information disseminated through the media and campaigning activities performed by its member agencies.

The market for fair trade

Wholesale and retail turnover of the two biggest organizations are 3.2 and 5 million ECU respectively for Traidcraft, and 11.3 and 12.7 million ECU respectively for Oxfam Trading (Oxfam shops also sell second hand products but those are not included in these figures). Wholesale and retail turnover for products with a Fairtrade Mark generated a wholesale turnover of 4.8 million ECU in 1994 and expect a turnover of 7.7 million ECU in 1995.

In marketing surveys, 85% of respondents said they would like to see fairly traded products in their supermarket, while 40% were aware of the availability of fair trade products in supermarkets. According to another survey carried out by a marketing company, 68% of the public would be willing to pay a higher price for fair trade products.

Health food wholesalers have welcomed the introduction of Fairtrade Mark products. Because these products have sold better in the supermarkets than the supermarkets had expected, they are prepared to include new products carrying the Fairtrade Mark. The existing products are selling at about 5 to 10% above the retail price of equivalent non-Fairtrade products. Coffee prices were up to 25% higher.

The Cooperative Wholesale Society has declared its intent to launch a range of Fairtrade Marked Co-op brand products. The market share of Cafédirect is said to be 2.8% for roasted and ground coffee.

On the whole, all alternative trade importers have achieved major improvements in design, quality and presentation of the products in the past few years, but the public still expect the quality of fair trade products to be lower than it actually is nowadays. The product range is improving, although changes in both availability and product innovation are hampered by supply and design constraints. World shops tend to be poorly located and under-resourced but are said to be improving. The goods traded are coffee, tea, chocolate, other food products, clothing, fashion goods, handicrafts, gifts, textiles, beverages, recycled paper and greeting cards.

Traidcraft's customers are mostly women, aged between 25 and 55, with above average incomes and often employed in the social sector. The customers of the Oxfam shops are more diverse, and it is almost impossible to give an average description due to widely varying situations around the country.

Traidcraft has been able to grow by increasing the range of products and value of sales on an existing market. Oxfam Trading sells mainly handcrafts (87%) with coffee as the main food product. Oxfam reports no growth any more in turnover, product range or points of sale.

Table 1: The structure of fair trade in the United Kingdom

import organizations:	7
wholesale organizations:	5
retailers:	4
points of sale:	3,000
staff: Fairtrade Mark	650 (excl. world shops) 4 persons
trademark:	Fairtrade Mark
retail channels: mail order individual fair trade stores chains of fair trade stores commercial stores chains of commercial stores	 yes yes yes yes yes
budgets for education & PR: Fairtrade Foundation	 15% of the total budget

Table 2: The market for fair trade in the United Kingdom

wholesale turnover: Traidcraft Oxfam Fairtrade mark products	20.3 million ECU 3.2 million ECU 11.3 million ECU 4.8 million ECU
retail turnover: Traidcraft Oxfam Fairtrade products	25.4 million ECU 5.0 million ECU 12.7 million ECU 7.5 million ECU
public awareness of fair trade:	40%
public awareness of fair trade products: (Traidcraft's name)	 13%
willingness to pay a higher price:	68%
market share: Cafédirect	 2.8%

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