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Fair Trade impact and the price fetish

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ABSTRACT

We here present the main final results coming from four different on-the-field fair trade impact studies, confronting them with the most recent literature and deriving some useful conclusions for the fair trade movement.

Our impact studies suggest that fair trade does have a positive impact on the life of its beneficiaries. But this happens not much in the most expected way, that is through the price premium, but rather by the effect of other "monetary but not price related" and "non monetary" criteria applied in the fair trade relationship. This result looks coherent with Sen's capabilities theory, depicting fair trade as a kind of commercial relationship able to increase producers' capabilities and, consequently, their inclusion in the market.

Keywords: impact analysis, fair trade, monetary and non monetary wellbeing.

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1. Introduction and theory

Fair Trade is an alternative approach to international trade aimed to improve the living standards of marginalized farmers and artisans in the South, through the application of a number of rules to the production process and the whole market chain, that, in the eyes of a growing niche of responsible consumers in the North, distinguish a "fair traded" product from a traditional one.

This "ethical regulation" can be applied either to the product itself or both to the exporting and the importing organizations, with two different control systems and certification bodies that guarantee the consumers. The first regulation system is managed by FLO (Fair Trade Labelling Organization) that set fair trade standards and licenses a mark to be put on products respecting the rules. This system is very recognizable by the consumers and facilitate fair trade products' diffusion in the traditional large-scale retailers, taking fair trade outside the niche, but it could be sometimes costly for the producers organisations and can be applied only to the products whose production standards have already been set by FLO (at the moment 15 commodities, mainly food). Furthermore it is sometimes criticized because it allows the certification of single product lines by big transnational companies generally stigmatized for their behaviour versus their suppliers and/or the environment.

The second system instead is managed by WFTO (World Fair Trade Organisation) whose members are both fair trade exporting and importing organisations committed to generally behave (not with reference to a single product but to their general conduct) in compliance with the principles set by the organisation and to accept its control. This system is far less recognizable in the absence of a label on the product, but it is much less costly, applicable to any product, and so more politically coherent with the movement's vision.

Whichever system we consider, it is clear that Fair Trade products are a typical kind of goods whose main value is an intangible one. This intangible value, in the eyes of a growing niche of

consumers, lies in the social and environmentally responsible content of the chain they come from (e.g. the standards that producers, importers and retailers have to comply with, to be considered "fair") but, most importantly, in the effects that this circuit has on the life of marginalized farmers and artisans in the South.

In this regard, we can identify an asymmetric information issue in the fair trade market, as fair producers and importers have an information advantage in their knowledge of the fundamental intangible they sell to concerned consumers. This immaterial element is not an 'experience good' (Nelson, 1970), or a good for which repeated purchases and consumption acts can help consumers to bridge the informational gap. In addition, most countries still lack national laws specifying what "fair trade" officially means (as happens in the organic market), and protecting customers against counterfeits and imitations.

For this reason, consumers need many detailed information to fully enjoy the fair trade products' content they are most interested in, that is, finally, fair trade effects on marginalized farmers and artisans. In this sense, independent empirical impact studies on fair trade can represent a very precious information source, getting on-the-field data with at least two goals: firstly, to rigorously verify whether and how fair traders maintain their promises, and secondly, if this is the case, to implement communication, trading and investment strategies based on the same data.

We personally believe that, while the literature on fair trade impact is growing, there is still much to do about how to use its results. In this paper we try do deal with both the issues, summarizing main results coming from the literature with particular reference to the impact studies realized by our research team in the last seven years, and drawing recommendations directed to Alternative Trade Organisations (ATOs).

2. Methodology

Impact analysis is a powerful tool to evaluate fair trade since it directly measures its effects on direct (producers and their families) and indirect (local communities) beneficiaries on the field. All the stakeholders involved in the fair trade movement are concerned and interested about this kind of studies to get important information about their role in the chain and the final effects coming from their activities: i) Producers, poor farmers and artisans in less developed countries are strongly interested in understanding if affiliating to a fair trade value chain is more or less advantageous than selling to the traditional trading chains; ii) Alternative trade organisations (ATOs) need to show to their consumers and to national and international Institutions the results they get, through the fair-trading partnerships with local producers; iii) Fair trade labelling organisations are interested in receiving information not only about the respect of fair trade's criteria, but also about the long run effects of this initiative; iv) Fair trade's consumers and volunteers are concerned about the results of their purchasing or volunteering choice; iv) The national and international Institutions, before deciding to support the movement, want to know their impact on producers' and communities' wellbeing.

Our methodology is based on econometric impact analyses in which the dynamics of a number of social and economical well-being indicators for fair trade affiliated producers are compared with that of control producers living in the same area and engaged in the same economic activity but not benefiting from the relationship with fair trade. We strongly believe that the impact of fair trade must be assessed not just on the price rule but on the whole set of criteria, with particular attention to those of price stabilization, advanced payments and technical assistance, more related to the relationship between producers and ATOs.

The most important strength of our methodology lies in using always the same set of indicators and the same statistic and econometric tools, that allow us to compare results and data coming from very different contexts, in three different continents and both in food and handicraft sectors.

In the following case-studies we firstly administered on the field a questionnaire investigating basic personal data, living standards, household facilities, production data, monetary and non-monetary components of the trading relationship to both producers affiliated to fair trade organisations and a control group. Secondly we summarized data coming from the answers to the questionnaires through descriptive statistics. These results are still to be considered provisional because potentially influenced by composition effects, heterogeneous characteristics of the groups, endogeneity and selection bias problems. Econometric tools allow us to test if our findings are or not robust to the inclusion of proper control factors.

3. Case-studies

The research team has applied the methodology described in the previous paragraph to four on-the-field empirical case-studies directed to fair trade producers organisations. All these organisations are commercial partners of CTM Altromercato, a leading Italian ATO. We here try to briefly present the main results coming form the case-sudies, summarizing the context and the methodology applied. We kindly ask to refer to the cited papers for all the details and the data.

3.a Meru Herbs (Kenya)[2]

The first case-study has been realized in Kenya, with Meru Herbs, a fair trade organisation created in 1991 as the commercial branch of an irrigation project financed by the Italian and the EU Cooperation that made it possible for the 430 families living in plots given by the Kenyan Government after the independence, to grow fruit and vegetables.

In this context we interviewed 120 farmers (divided into fair trade and control groups) involved in

[2] For further details and all the data, please refer to Becchetti and Costantino (2008).

herbs and fruit growing in the province of Tharaka, central Kenya. The target group is composed of farmers members of Meru Herbs, while the control group is composed of farmers living in the same area and benefiting of the irrigation project but not involved in the fair trade value chain.

Descriptive statistics clearly show as fair trade is responsible of products diversification, represents a further commercial outlet for the farmers and makes them more satisfied with the prices[3]. Control farmers seem to differ markedly from those affiliated to the other three projects in terms of average sale prices and crop variety, with a relatively lower number of products sold on the market. In the area, fair trade makes the cultivation of new products not locally marketable (as organic herbal teas) profitable, with important effects in terms of diversification and, consequently, weather and market dependence risk reduction. More specifically, papaw, mango, guava, lemon and karkade are exclusively sold by farmers affiliated to Meru Herbs who also seem to obtain better price conditions on average for many products which are sold by Control farmers as well.

Meru Herbs farmers also show a higher level in household consumption expenditure, dietary quality, infant mortality and self-perceived living conditions satisfaction, that appear linked to the already cited price satisfaction and economic security.

The econometric analysis allow us to get further results:

- ✓ Partitioning the target group into sub-groups with different affiliation degrees, we see that price satisfaction is a result of the "fair trade membership" more than of the "Meru Herbs membership";
- ✓ Household consumption expenditure is negatively correlated with affiliation to the control group and, as expected, is influenced by the price satisfaction. The significant relationship between food consumption and an indicator of price (un)satisfaction reveals an important link between one of the most important FT criteria and economic wellbeing of local farmers in our survey.

[3] An explicit test on the FT price premium criterion is difficult to perform since control and target farmers sell different products.

Moreover, we see as the difference between target and control group is explained not only in terms of different income satisfaction, but also of different desired income: target group farmers indeed declare a lower desired income, probably as a result of the non-monetary benefits received for free by the fair trade organisation. A reasonable assumption is in fact that lower desired wage is significantly related to a higher quality of monetary and nonmonetary goods and services. This assumption is supported by information on the behaviour of Meru Herbs towards its farmers. These farmers in fact receive more services than the others as a reward for their strong commitment in the organic farming. They receive for free seeds and fruit trees, organic fertilisers and periodical training meetings about organic farming procedures.

A somewhat unexpected result is the one relative to the share of child labour and to the human capital investment rate. Both descriptive and econometric analyses show no significant results on human capital investment, that appears an issue to develop. Anyway this issue gives us the opportunity to show how impact studies can come up to be very useful as information source. After receiving the results coming from our impact study, Meru Herbs decided to set up a scholarship programme for its members' sons, in order to deal with this upcoming weakness.

3.b Minka Fair Trade and Allpa (Peru)[4]

In the second case-study we decided to move to the handicraft sector in Latin America. The target artisans belong to two different fair trade organisations respectively named Minka and Allpa. Minka was the first Peruvian organization to engage in fair trade and has been an active member of WFTO since its creation in 1991. Presently, it organizes and work with over 3,000 producers to facilitate sustainable development practices in marginalized areas of the country. ALLPA was originally a trading project started by the Peruvian Institute of Research and Development (IPID) in 1981. In 1986 it became a private company owned by IPID with other individual partners. ALLPA objective

[4] For further details and all the data, please refer to Becchetti, Costantino and Portale (2008).

is to enhance the market accessibility of low-income handicrafts producers, allowing them to improve their standards of living.

We totally interviewed 240 artisans divided in two subgroups: alpaca weavers in Juliaca District (southern Peru) and pottery artisans in Chulucanas (northern Peru), each with its control group in both the areas.

In this case the rationale for the joint analysis of the two projects lies in the fact that they both concern marginalized producers living in the same country with three qualifying differences: products are different (allpaca textiles for Minka, pottery for Allpa); Allpa producers in Chulucanas have a more recent affiliation (this is an important point because it allows us to compare the impact of FT on producers welfare at two markedly different phases of FT affiliation); there is a significant difference in standard of living since Chulucanas producers are far better off than Juliaca ones (which live around the subsistence level).

When looking at living standards we observe that income from the main activity is much higher for both the target groups and generally higher in the Chulucanas area. In particular, the control group of Juliaca producers living on the Titicaca lake area is well below the poverty line of one dollar per day, while FT affiliates in the same area are slightly above two dollars per day. Economic conditions in the Chulucanas area are much better since the control group earns slightly less than seven and the treatment group above eight dollars per day. We notice the same gap in weekly consumption expenditure and savings while, as expected, food consumption share on total income is much higher in the poorest area.

Regarding the price premium, in handicraft production it is hard to find a standard product on which comparisons between prices of FT and traditional intermediaries can be done. In the Juliaca project we may identify it in a typical model of wool gloves and we find that FT importers pay for this product a price which is 4.6 times larger than that paid by local intermediaries. It is not possible to do the same comparison with the control sample for Chulucanas producers for lack of a sufficient number of observations on a common standardized product. What however surprises us is that the

price paid by (socially responsible) tourists to Juliaca (Chulucanas) producers is around 50 (29) percent higher than that paid by FT importers. This means that responsible tourism could come up to be still more effective than fair trade, as a result of the value chain further shortening, allowing a direct contact between the producer and the consumer. Anyway the two initiatives are not rival as responsible tourism projects often arise from a fair trade south-north contact, as in this case.

Another interesting result regards the self-perceived living standard: Minka artisans perceive themselves to live over the average, while control group much lower. The gap is existent but lower in Chulucanas, showing as fair trade has a higher impact in the poorest areas.

Econometric analysis shows that affiliation years have a significant positive effect on income. The effect is not proportional (concave) probably for two reasons: capacity building effects can have diminishing returns, that is to say high impact in the beginning that gradually decreases; positive externality of the higher bargaining power with local intermediaries is typically concave and mainly determined by a strong initial effect. Two additional significant factors, which are typical of this context, are the negative impact of self production (a substitute for market wage) and the positive effect of the number of trading channels. To sum up, our findings seem to outline two separate FT effects. A nonlinear one (concave) in affiliation years presumably capturing increased productivity and capacity building and a linear one related to the opening of a new trading channel. Finally we find a robust indirect effect of fair trade affiliation on happiness.

Regarding human capital investment, our estimates show that in the Chulucanas case FT affiliation significantly contributes to the schooling decisions while in Juliaca the effect is lower. By considering the differences in starting living conditions in the two groups, the different effect in the two projects is consistent with the well known luxury axiom hypothesis establishing that parents start to send children to school only when they overcome a given threshold of household income.

3.c Apicoop (Chile)[5]

The third case-study has been developed with Apicoop, a cooperative of honey producers founded in 1998 with the help of CTM Altromercato (an Italian ATO) and the Bolzano Province (an Italian local administration). We interviewed 200 honey-makers in Los Lagos region, southern Chile (divided as usual into fair trade and control group).

In this case we have quite unexpected data about the price premium. Obviously the price paid by Apicoop to the farmers is lower than the retail one, but, unexpectedly, this time it is also lower than the price paid by local intermediaries. On the other hand, the cooperative provides a set of valuable services: free honey transportation, zero interest advance payments, lab tests on honey chemical properties, training courses, guaranteed purchase of a given amount of product which reduces producers' search costs of buyers, etc. These benefits are such appreciated by the producers, that seem to compensate the price gap in terms of overall satisfaction.

The three main differences in performance between treatment and control producers concern total yearly income from honey, production volumes and productivity, measured as income from honey per hour worked. This implies that affiliated producers are both larger in size and more productive.

Econometric analysis shows as Apicoop farmers significantly enjoy more than the control group ones advances on payments, training courses and cooperation with other producers. Cooperation is also positively and (weakly) significantly related to the number of hours worked, while advances on payments with schooling years.

Interestingly, the effect of FT affiliation is also a progressive one: years of relationship with Apicoop have indeed positive and significant effects on advances on payments and cooperation with local workers. These results suggest why Apicoop members sell over the 80% of the production to the cooperative (ten times more than the control group ones) notwithstanding the price gap.

[5] For further details and all the data, please refer to Becchetti and Castriota (2008).

This case study shows as, beyond the fair price myth, non price conditions are much more important and capable of "Creating opportunities for economically disadvantaged producers" as the first point of WFTO criteria announces. More specifically, the case of Apicoop producers illustrates that FT affiliation, in spite of an insignificant price differential in times of rising market prices, has helped local farmers to improve their productive skills across years.

3.d Green Net (Thailand)[6]

The last case-study comes from Asia. The target farmers are members of cooperatives who use to sell their rice to Green Net, a major organic fair trade producer in Thailand. It was established in 1993 by a group of producers and consumers with the aim of supporting environmentally and socially responsible business. We totally interviewed 360 rice farmers in Bak Ruea and Kud Chum, Yasothon Province, eastern Thailand (divided as usual into fair trade and control group).

On average, the price paid by local cooperatives per ton is significantly higher than the price paid by other buyers and, in turn, the Fair Trade price is significantly higher than the price paid by local cooperatives. Interestingly, affiliated farmers obtain better conditions than control famers also when selling to local cooperatives. Such difference may depend on differences in bargaining power or may be explained by the organic premium recognised by the local market. Regarding other monetary variables, there are not strong differences in advance payments received by target and control farmers, while profits and dividends received by affiliated farmers are as much as 3 times higher than the amount received by the non affiliated.

Affiliated farmers' average income is significantly higher than non affiliated farmers', finding correspondence in a similar difference in income from agriculture per hour worked. Consistently with a family structure which is not significantly different between treatment and control samples, per capita income and total productivity are both always significantly higher in the treatment than in

6 For further details and all the data, please refer to Becchetti, Conzo and Gianfreda (2009).

the control sample. The higher productivity results also in more self-consumption for the target group farmers who self-produce a higher share of rice and vegetables further increasing the income differential. Affiliated farmers appear to be relatively better off also in terms of financial conditions, saving a higher share of their income.

The income gap is confirmed by the econometric analysis, each additional year of organic certification appearing to contribute significantly to such a difference. In this case-study the FT premium is definitely a component of the difference in agricultural income between control and affiliated farmers, but it cannot explain the marginal effect of the treatment. The premium may have helped farmers to save more and to reduce their debt to income ratio across years, but it can generate a positive effect of affiliation years on income only if it is invested (together with higher savings) in capacity building. The likely interpretation of the positive effect of certification when controlling for the FT premium is therefore that a combination of productivity and commercialization gains progressively widened the income gap across years.

Finally, we re-estimate our specifications by replacing years of organic certification with those of FT affiliation in order to disentangle the FT effect from the organic one. Empirical findings from this new specification show that FT affiliation years are significant and stronger in magnitude. The FT and organic certification years are obviously highly correlated. However, it is possible to test directly whether one of the two effects prevails on the other by estimating the base and the restricted model with both variables and by using a Davidson-McKinnon (1993) test. The test clearly shows that the FT affiliation effect is stronger than the organic one.

4. Main findings and literature

The results coming from the case-studies presented above allow us to draw some recurring conclusions about fair trade impact on the living standards of marginalized producers. i) First of all fair trade is a new and further market channel for the producers involved, representing for them a brand new important economic opportunity; ii) Fair Trade allows producers to develop new products marketable abroad; iii) Fair Trade guarantees long-term and price-stable relationships, reducing risks and increasing investing capacity; iv) Fair Trade allows affiliated producers to develop technical, managerial and marketing skills; v) as a consequence of the previous effects, affiliated producers show higher levels in many wealth indicators, particularly in price satisfaction, food expenditure, diet quality and self-declared happiness; vi) Fair Trade, coherently with the luxury axiom, has a positive effect on schooling investment. Introducing in the analysis affiliation years, it is also possible to notice that impact on incomes and food expenditure follows a non linear trend, because of diminishing marginal returns linked to capacity building effect and positive externalities produced in the area.

In the case-studies analysed, fair trade, through a number of monetary and non monetary tools, promotes producers' involvement in the market, enhancing their capacities and reducing their dependence by monopsonistic buyers. This happens mainly thanks to commercial clauses that safeguard producers' position in the contract (advanced payments, long-term relationship, price stability) and services directly deriving from the relation with the ATO (technical assistance, capacity building). The effectiveness of these two groups of factors in reaching the target looks interestingly coherent with Sen's capabilities theory (1999). Fair trade benefits the producers not much paying more for the products, but rather improving their capacity to stay on the market, acting both on the hardware (contractual rules) and on the software side (personal skills). In this sense, enhancing their capabilities, fair trade producers can improve their position in the market, being much less dependent on the buyers' conditions and finally upscaling their living standard.

Our findings are not isolated, but are coherent with a large part of the literature. Castro (2001a) reports that the artisans affiliated to Copavic in Guatemala receive significant support trough the cooperative in terms of physical capital investment, technical and financial assistance, and employment benefits (including the introduction of life and medical insurance), and that fair trade technical assistance helps to strengthen their position in the international market. The same "business angel" role is described in the case-study about the Productores de Miel Flor de Campanilla in Oaxaca (Mexico), providing financial and technical assistance and improving quality standards (Castro, 2001b).

Also Nelson and Galvez (2000) in the study-case about the MCCH Cooperative in Ecuador notice a little price differential in respect to conventional farmers, but describe many benefits coming from fair trade affiliation including capacity building, support for marketing skills, organisational development, and production and post-harvest techniques. They also observe that MCCH has been recently successful in breaking local middlemen monopolies.

In the Ghanaian KK cocoa cooperative case study carried on by the DFID (2000), the main role of fair trade is in equipment, technical and business skills capacity building, which are crucial for supporting members if they are going to successfully participate in international trade. Also Hopkins (2000) and Ronchi (2002) point out the importance of capacity building as the most important outcome of the fair trade commercial relationship respectively in the cases of 18 Oxfam partners and of a coffee cooperative in Costa Rica.

Ruben (2008) collected nine empirical case-studies in six countries with different products and diverse organisations, obtaining a comprehensive comparative quantitative assessment of the fair trade impact on farmers welfare and attitudes. Synthesising the key findings of the different case-studies, the strongest effects are recorded on productivity, asset accumulation, credit use, investments, expenditure patterns and organisational force whereas the direct tangible net income effects remains fairly modest. In short, indirect spill-over effects tend to dominate direct premium-related income effects, leading the author to conclude that "long-term delivery contract and the

assurance of stable and large-scale market outlets are far more important FT features than the price advantage. Even while such messages might be more difficult to communicate towards large segments of consumers, it is more in line with FT reality than the simple transfer of an extra price margin" (Ruben, 2008).

5. Lessons from the impact studies

The results described above could look quite reasonable to an insider, but an external observer would be rather surprised. Price premium is in fact surely the most known between the fair trade standards and sometimes almost the only one, but it is not the most effective by far.

A survey on Italian fair trade consumers behaviour, conducted in 2004 by Rome "Tor Vergata" University in about 20 worldshops, shows as the fair price criterion is known by the 75% of the sample, whereas the long term relationship is recognized only by the 27%, the price stabilization by the 29,7% and the advanced payment by the 35,9%. The gap would be probably much wider for supermarkets consumers who are usually much less informed than worldshopgoers (Becchetti and Costantino, 2006).

A similar survey realized in Belgium in 2009 by Oxfam-Wereldwinkels reports that Fair Trade is mainly associated with fair prices (58%) (OWW, 2009). At world-wide level, a comprehensive global study of 17,000 consumers carried out for Fairtrade International by international opinion research consultancy GlobeScan shows that 61% of people who are familiar with the FLO mark associate fair trade with "a fair price paid to producers" (www.fairtrade.net).

These data are probably caused by a typical (and understandable) simplification in the fair trade communication versus the mass, where the most important and qualifying difference between fair and traditional trade is identified with the price premium, usually illustrated with a graph comparing fair price with international price (recorded in a stock market) for coffee or cocoa. Such an image

could look very explaining but not particularly relevant in the light of what we have told before. Moreover it could influence in the wrong way social consumers' buying behaviour.

The Italian survey cited above, through an econometric analysis, also demonstrates that the most informed consumers tend to spend more in fair trade products (the knowledge of at least half the fair trade criteria is proved to have a positive and significant impact on "fair shopping"), highlighting the fundamental role played by the worldshops regarding education, awareness raising and information activities. This outcome is actually quite logical: as fair trade products hide an intangible value, its consumption is based on the association between a logo (the fair trade mark or an ATO brand mark) and a number of positive values. This association is in turn strictly reliant on the awareness of the rules that enforce these values (or their practical application), on the belief about the effectiveness of these rules in reaching the goal and on the confidence in the control system[7]. The last two components are obviously still linked to capacity and possibility for consumers to get information about the whole value chain.

To sum up, the most a social-oriented consumer is well informed about fair trade and confident in its operation and effectiveness, the most he will be able to detect and appreciate its intangible value and, finally, the most he will buy the products.

Communicating more and better fair trade impact to the consumers is not only ethically correct but also economically advantageous cause it would enable to improve all the components that influence the "fair buying behaviour" raising the awareness about fair trade standards, demonstrating its effectiveness and finally improving the confidence. We therefore suggest to use impact studies to try to adapt the communication to the reality, not overstating the price role and introducing less known standards to the consumers.

Impact studies' results have to be considered relevant not only to the relationship with the consumers, but also with regard to the producer groups. In particular, they suggest to found the fair

[7] Ceccarini (2008) points out that what distinguishes fair trade from other kinds of alternative consumption (critical consumption, boycott, …) is the perception of an higher effectiveness and impact capacity.

trading relationship not much on the price premium, but (also) on the monetary but not price related standards and on all the non monetary relational sides that qualify fair trade. In other words, long term relationships and price stability could be more appreciated than the price level itself and, more in general, relations matter! In fact, as impact studies tell that technical assistance and business angel consultancy are very appreciated by the producers and are shown to have an impact, ATOs could try to improve the amount of this "in kind" value.

This remark could turn to be particularly useful in an economically critical period like the current, when raw materials are scarce, their prices significantly grow and, as a consequence, ATOs can't use the price as an attractive factor versus their suppliers. While twenty or ten years ago ATOs didn't experience any problem in finding suppliers, paying more than the market, today they have to face the competition coming from traditional players ready to pay more to get scarce raw materials and wash their brand. In a context like this, it is very difficult for the ATOs to compete on a price basis, but they still can count on other features more difficult to imitate and, as impact studies teach, perhaps more effective. Investing on relations could be a good deal both for producers and ATOs.

6. Conclusions

Results coming from our case-studies, coherently with a big part of the literature about, suggest that fair trade does have a positive impact on the life of its beneficiaries. This happens not much in the most expected way, that is through the price premium, but rather by the effect of other "monetary but not price related" and "non monetary" criteria applied in the fair trade relationship (capacity building, time and price stability, advanced payments…). This result looks coherent with Sen's capabilities theory, depicting fair trade as a kind of commercial relationship able to increase producers' capabilities and, consequently, their inclusion in the market.

This argument could be particularly interesting for ATOs, suggesting, on one side, to modify their

communication strategy versus the consumers, and, on the other, to reconsider their investments directed to the producers groups. As for the first point, surveys regarding socially responsible consumers tell us that price premium is by far the best known between fair trade criteria (and so, probably, the most communicated one) but it is not the most effective. It could be useful to show a wider picture of fair trade products in order to make consumers more informed and, consequently, more supporting.

On the producers' side, ATOs should invest more on capacity building and market stability, knowing that these benefits could be even more effective and appreciated by the beneficiaries than the price, and alleviating the problems deriving from the price competition with traditional players on the raw materials markets.

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