Differences in Awareness of Fair Trade and Organic Labelling among Coffee Consumers in Australia and Japan

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Abstract

This study sought to compare consumers' perception of Fair Trade (FT) and organic coffee between Australia and Japan. The findings indicate that Australian consumers are generally more aware of FT certification. While a similar number of respondents in both Australia and Japan were aware of organic certification, the benefits attained were perceived very differently.

Background

Political, ethical and responsible consumerism is widely discussed in today's society as a device to address modern social issues like environmental destruction, wildlife conservation, climate change, animal welfare and social equity (Loureiro and Lotade, 2005; Starr, 2009; Bezencon and Blili, 2010). In response to these issues, food processors and manufacturers and large retailers have sought to differentiate their product in the market through ethical labelling. Within the food and agriculture sector, Fair Trade (FT) and organic are the most widely known third-party certified systems (Raynolds, 2009). Through the Fair Trade Labelling Organisation (FLO), FT ensures that: (1) smallholder farmers receive a guaranteed minimum floor price; (2) employees on FT farms are assured of a safe work environment, proper living wages and forced and child labour is prohibited; (3) price incentives are utilized for community development projects; and (4) hazardous agrochemicals are not applied within sustainable production systems (Batt et al., 2009).

Organic agriculture (OA) is a sustainable agricultural system that utilises traditional and scientific knowledge to maintain a healthy agro-ecosystem (Batt et al., 2009). Organic standards are codified in the technical regulations of more than 60 governments, guaranteed by IFOAM's Organic Guarantee System (OGS). OA, which prohibits the use of inorganic fertilizers, chemical pesticides and antibiotics, relies upon four governing principles: (1) the principle of health; (2) the principle of ecology; (3) the principle of fairness; and (4) the principle of care (IFOAM, 2009). Under the principle of ecology, OA aims to use fewer inputs, conserve natural resources and to recycle materials. Under the principle of health, engaging in organic farming is expected to improve the income and the quality of life for producers, and maintain animal health, welfare and vitality (IFOAM, 2009). However, there is also a widely held belief that organic products offer considerable health benefits (Klintman, 2006), although Dangour (2009) was unable to find any significant difference in the nutritional value between conventional and organic foods.

After crude oil, coffee is the second most widely traded commodity. At least six third-party ethical quality schemes are being promoted to facilitate more transparent and sustainable business practises: FT, organic, Café Practice, Rainforest Alliance, Bird Friendly and Utz Kapeh. Although the market for ethically labelled coffee is the most rapidly growing segment of the market, it still accounts for less than 2% of sales (Courville, 2008). With rising per

capita income and the westernisation of diets, coffee consumption in Asia is steadily increasing. However, little research has been undertaken in Asia to explore differences in perceptions and attitudes towards ethical trade across cultures. Using Australia and Japan as an example, this study will look at differences in coffee consumer's level of awareness and understanding of FT and organic coffee.

Methodology

To gather the data for this study, a comprehensive questionnaire was developed. The questionnaire was initially translated into Japanese and then back translated to ensure functional equivalence. Potential respondents were then approached face-to-face in a shopping mall intercept survey. To overcome the low response rates often associated with face-to-face shopping mall intercept surveys, if the respondents were qualified: that is, they not only drank coffee, but were also responsible, in part, for making the decision to purchase coffee from a retail store, they were given the choice to complete the survey on the spot or provided with a reply paid envelope so that they could complete the survey at home.
Respondents were first asked some general questions about how much coffee they consumed, where and in what form. They were then asked to indicate what criteria they used in making their decision to purchase coffee from a retail store before responding to a number of criteria on a 6 point Likert scale where 1 was "Not at all important" and 6 was "Very important". Respondents were then asked a number of questions relating to their perceptions of both FT and OA using a number of statements developed from the FLO and IFOAM webpages. Respondents were asked to indicate the extent to which they agreed with these statements on a 6 point Likert scale where 1 was "I strongly disagree" and 6 was "I strongly agree".
For the open ended responses, simple descriptive statistics were reported (frequency and per cent) with crosstabs utilised to identify differences between Australian and Japanese respondents. For the fixed scale responses, differences between Australian and Japanese respondents were explored using the independent samples t test.

Results

Respondents' characteristics
A total of 157 respondents from Australia and 162 from Japan answered the survey (Table 1).

Table 1: Description of Australian (N=157) and Japanese (N=162) respondents

		Australia (%)	Japan (%)
Gender	Male	41	43
	Female	59	57
Age	18-34 years	30	35
	35-54 years	35	32
	Older than 55 years	35	34
Education	High school/TAFE	41	54
	University	59	46

The samples drawn from Australia and Japan were very similar with regard to both gender and age. However, a lower proportion of the Japanese sample had any university education. Regrettably, education was found to have some impact on the level of awareness of ethical

food labels, therefore potentially confounding the ability to draw conclusions solely on the basis of cultural differences.

Criterion to purchase coffee for home consumption

When purchasing coffee for home consumption, aroma, taste and favourable prior purchase were the three most important attributes for both Australian and Japanese respondents. In part, all three variables indicate some prior learning derived from one or more consumption experiences (Table 2).

Table 2: Attitude to purchase coffee for home consumption

	Australia		Japan		Sig
	Mean	SD	Mean	SD	
Taste	5.67	0.63	5.09	1.33	0.000
Aroma	5.11	0.97	4.76	1.49	0.017
Favourable prior purchase experience	4.89	1.26	4.92	1.35	0.794
Value for money	4.53	1.33	4.29	1.53	0.155
Competitive price	4.49	1.37	4.45	1.50	0.141
Brand familiarity	4.45	1.30	4.47	1.46	0.883
Roast (light / medium / dark)	4.29	1.39	3.44	1.59	0.000
Type of beans (Arabica / Robusta)	4.07	1.57	3.15	1.57	0.000
Fair Trade	3.79	1.74	2.82	1.46	0.000
Reputation	3.73	1.52	3.69	1.62	0.832
Eco-friendly / Sustainable	3.61	1.77	2.97	1.58	0.001
Country of origin	3.25	1.62	2.83	1.58	0.023
Organic	3.15	1.72	3.00	1.61	0.410

Where 1 is not at all important and 6 is very important

However, Australian respondents were found to place more importance on both taste and aroma than their Japanese counterparts. Similarly, Australian respondents placed more importance on the roast, the type of bean and the country-of-origin, suggesting that Australian respondents were more familiar with the attributes that lead to a good consumption experience. While there was no difference in the importance attached to a favourable prior experience, value for money, a competitive price, brand familiarity and brand reputation, significant differences were observed in the importance attached to ethical labelling. While Australian respondents placed more importance on FT and eco-friendly labels, there was no significant difference between the importance Australian and Japanese respondents placed on organic labelling.

Awareness of FT and Organic certifications

Although there was no difference between Australian and Japanese respondents with regard to the recognition of OA, a significantly larger number of Japanese respondents were unaware of the FT label (Table 3).

Table 3: Cross-tabulation: Awareness to FT and Organic

	Australia		Japan		sig
	Yes	No	Yes	No	
Awareness of FT label	108	48	68	91	0.000
Awareness of OA label	107	49	122	39	0.096

Despite the lower level of FT awareness, there was little difference between Australian and Japanese respondent's unprompted perceptions of FT (Table 4). FT was perceived to provide a more "fair trading relationship" in both countries (Australia: N=75, Japan: N=22).

Table 4: What does FT mean to you? (Australia = 82, Japan = 36)

	Fair relationship	Community development	Prohibiting child labour	Good for the environment	Other
Australia	75	2	1	1	3
Japan	22	5	0	0	9

However, Japanese respondents did reveal some negative perceptions of FT under "Other" including "discrimination", "donation" and "expensive".
In relation to a number of statements drawn from the FLO website, Australian respondents provided significantly higher levels of agreement for all but two statements: an assured work environment and good for the environment (Table 5).

Table 5: FT Perceptions: Mean and standard deviation

FT is...	Australia		Japan		sig
	Mean	SD	Mean	SD	
Fair Price	5.27	0.90	4.93	1.22	.047
Sustainable production system	5.00	1.00	4.25	1.31	.000
Community development	4.94	1.11	4.51	1.32	.019
Prohibiting child labour	4.88	1.30	4.16	1.47	.001
Assured work environment	4.73	1.28	4.50	1.44	.272
Preserve biodiversity	4.43	1.31	3.81	1.28	.003
Set the minimum price	4.41	1.40	3.72	1.38	.002
Good for the environment	4.39	1.36	4.24	1.49	.480
Non GMO	4.38	1.41	3.57	1.32	.000

*p< .05 (1 = strongly disagree and 6 = strongly agree)

With regard to the respondents' perceptions of OA, it was immediately evident that attitudes were very different between Australian and Japanese respondents. Whereas the Australian respondents more frequently associated OA with fewer chemicals, Japanese respondents more often associated OA with health and a guarantee of food safety (Table 6).

Table 6: What does organic mean to you? (Australia = 82, Japan = 71)

	Free / less chemicals	Good for health	Good for the environment	Food safety	Other
Australia	66	5	8	0	3
Japan	25	18	6	13	9

On this occasion, whereas Japanese respondents identified problems under "other" associated with the non availability of organic products, Australian consumers were more cynical of the potential benefits derived from organic products, the poor quality and unreliable supply.
However, when respondents were prompted and asked to respond to a number of statements drawn from the IFOAM website, there was no significant difference in the level of agreement between Australian and Japanese consumers with regard to minimising the use of chemicals, being based on sound ecological processes and being good for the environment (Table 7). Whereas Australian respondents agreed more than Japanese respondents with the position of

OA on genetically modified organisms (GMO) and animal welfare, Japanese respondents reinforced their belief in the superior health aspects of organic products.

Table 7: Organic Perceptions: Mean and Standard Deviation

Organic is...	Australia		Japan		Mean
	Mean	SD	Mean	SD	
Good for the environment	5.09	1.13	5.04	1.29	.894
Non GMO	5.07	1.23	4.55	1.47	.001
No use of chemicals	5.06	1.29	5.08	1.28	.153
Based on ecological process	4.96	1.22	5.18	0.97	.777
Good for health	4.60	1.23	5.07	1.22	.008
Animal welfare	4.34	1.42	3.69	1.51	.005

*p< .05 (1 = strongly disagree and 6 = strongly agree)

Discussion and conclusions

In both Australia and Japan, aroma, taste and favourable prior purchase were the most important factors influencing the respondent's decision to purchase coffee in a retail store. However, Australian respondents were found to place more importance on the roast, the type of bean and the country-of-origin, suggesting that Australian respondents were more familiar with the attributes that lead to a better consumption experience. This is not at all surprising, given that Japan is primarily a tea drinking nation. On average, whereas Australians were found to drink 12.7 cups of coffee per week, Japanese respondents consumed an average of 10.4 cups per week (sig = .033). Nevertheless, according to the ICO, Japan is the third largest importer of coffee. In this respect, it is important to recognise that a much larger proportion of the coffee consumed in Japan (18%) is purchased from vending machines in the form of canned coffee. Given that there is a substantial difference in the way in which coffee is consumed between Australia and Japan, yet another confounding variable is introduced in our attempt to evaluate whether there is any significant difference in the awareness of ethical food labels between Australia and Japan.

In both Australia and Japan, ethical labelling is very much a secondary consideration after evaluating the product quality (aroma, taste and favourable prior purchase) and the value proposition (competitive price and value for money). Steenkamp (1990) also argues that the credence attributes are generally much less important than the experiential attributes in the consumers' decision to purchase food and beverages. With regard to the purchase of coffee in a retail store, we are able to demonstrate that only 43% of Japanese respondents were aware of the FT label, compared to 69% of Australian respondents. Given that over 750 tonnes of FT coffee was imported into Australia and New Zealand in 2009 (FTAANZ, 2011) and only 300 tonnes were imported into Japan in the same period (FLJ, 2010), this comes as no surprise. While the principles of FT: a fair relationship and community development were recognised by both Australian and Japanese respondents, it was evident that more Japanese respondents were sceptical of the FT claims. Conversely, although there were similar levels of awareness towards organic products in both Australia (69%) and Japan (76%), there was a considerable difference in the perceived benefits derived from OA. Whereas Australians were more concerned about the presence of GMO and animal welfare, Japanese respondents were more concerned about the perceived health benefits and assurances of food safety. According to previous studies in Japan, the movement towards organic products has been triggered by consumer groups and co-operatives growing concerns about a globalized and industrialized agricultural system (Matsuki and Nagamatsu, 2003).

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