An investigation of Fair Trade product knowledge, beliefs, experiences and buying intentions of Generation Z in the US

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Abstract

The Fair Trade movement is an alternative way to conduct international and domestic business by trying to improve trading conditions of disadvantaged producers around the world through consumer actions. Consumers can support the movement by purchasing FT certified products, which confirm that products meet ethical principles and environmental standards that are set in accordance with the requirements. However, FT product sales in the US have been lagging in comparison to the FT product sales in Europe. For instance, per capita consumption of the value of FT products was approximately €3 in the US in comparison to €34 in the UK (Fairtrade International, 2016). This study investigates several variables that can influence Fair Trade consumption, and, specifically, the effects of consumers' knowledge, beliefs and past experiences on their purchase intentions of Fair Trade products among urban youth consumers in the US. Using the Theory of Reasoned Action as the conceptual framework, data were collected from 154 subjects using an online survey. The results indicate that consumer knowledge about FT has significant positive influence on their purchase intentions, but this relationship is mediated and strengthened by their beliefs and past behaviour. We offer various implications of these findings to FT businesses and organisations.

Keywords: fair trade; Generation Z; theory of reasoned action; fair trade purchase intentions

Introduction

Despite the recent popular trends of anti-globalisation around the world, economies have become more integrated and interdependent. For instance, the global trade value of exports throughout the world amounted to

approximately US$19 trillion in 2019, which was around US$6.45 trillion in 2000 (Statista, 2021). The rise in the value of goods exported around the world reflects developments in international trade, globalisation and advances in technology. Furthermore, a significant proportion of apparel (97%) and shoes (almost all) are made outside the US (Bhattarai, 2018; Cline, 2021), indicating how integrated global trade is in consumers' lives. Most often, developed countries, such as US, depend on resources from the developing countries, sometimes with little concern for the conditions of the producers in those markets. Although the overall global value of trade will continue to increase, globalisation is argued to contribute to the growing wealth inequality around the world. Fair Trade (FT hereafter) is considered by non-profit FT organisations around the world to help to restore the balance and offers an alternative way that international businesses can participate in global trade. FT is a movement to help the farmers and workers in developing countries to get paid fairly and have access to the resources (i.e. compensation, credit, technical assistance, etc.) needed to provide sustainable production (World Fair Trade Organisation, 2020).

The FT movement emerged in the 1950s and evolved over time, getting more attention starting the early 1990s. The FT movement now includes 1.7 million producers in 73 different countries. FT products are sold in 158 countries, and global retail sales for FT products reached an estimated €9.8 billion in 2018 (Fairtrade International, 2019). The FT movement in the US is led by Fair Trade USA, which is a non-profit organisation that develops standards, certifications and labelling for FT products to promote 'sustainable livelihoods for farmers and workers and protect the environment'. Fair Trade USA worked with 46 countries, had developed partnerships with 1,250 companies and provided an estimated cumulative financial benefit of $105 million to farmers and workers in 2018 (Fair Trade USA, 2018b). FT products have unique social and environmental benefits that are assumed to attract innovative or initiator consumers, consumers who play an initiating role in the communication and diffusion of new brands and products (Foxall, 1989), based on per capita consumption of FT products in comparison to European consumers. The FT concept has been closely associated with social responsibility, cooperative business relationships, protecting the environment and achieving sustainability. FT principles are known to align well with many of the Sustainable Development Goals (SDGs) and promote cooperation among trade participants to ensure a fair distribution of economic benefits Hence, FT is closely related to various actions taken by participants to create better trading conditions for disadvantaged producers around the world through promoting awareness and advocacy (Krier, 2007) and encouraging consumer actions in developed countries to achieve such goals.

Although the FT products are better recognised and are widely available in some European countries, awareness and availability of them in the US have been limited (Hira & Ferrie, 2006). In 2017, UK and Germany were world leaders with an estimated retail sales value of Fairtrade International certified products of €2.01 billion and €1.33 billion respectively, followed by the US at €994.12 million (Statista, 2020). Moreover, there are 427 FT towns in the UK alone but less than 50 (47) FT towns in the US (Fair Trade Towns, 2021). Accordingly, one could argue that the FT concept has attracted limited attention from researchers and policy makers in the US. Although FT logo is recognised by over 60% of people in the US (Fair Trade USA, 2018a), consumers' interest in purchasing FT products have been limited. In addition, most international business courses and economics textbooks published in the US do not allocate sufficient (if any) coverage to the FT concept. Research on FT has mainly been closely related to ethical decisions and consumer activism behaviour towards consumption of the ethical products. Some studies question the economics of FT (Dragusanu, Giovannucci & Nunn (2014) while others argue that higher prices are usually an important impediment preventing consumers from buying FT products (Hainmueller, Hiscox & Sequeira, 2011; Pedregal & Ozcaglar-Toulouse, 2011; Wright & Heaton, 2006). According to Fair Trade Certified, millennials and Generation Z (Gen Z hereafter) outpace others in their desire for FT certified products. However, the FT product consumption intentions of this group are a relatively under-investigated research area in the US. Hence, the objective of this study is to investigate Gen Z's purchase intentions of FT products in the US. More specifically, this study investigates Gen Z's (1) knowledge and awareness levels of FT products, (2) beliefs and (3) how previous FT purchase experiences influence their intentions to buy such products. The results of this study are expected to provide additional insights and fill the gap in the literature about this specific target market, with respect to the role of FT perceptions and buying intentions, and to provide suggestions for promoting FT products in the US.

Literature Review

Although the FT movement in the US began in the 1950s, it is still a relatively unknown concept due to limited academic research coverage and managerial attention, especially in the areas of understanding consumer behaviour. Fair Trade USA, the main FT organisation and governing body in the US, defines FT as a 'global movement made up of a diverse network of producers, companies, consumers, advocates, and organizations putting people and planet first' (Fiar Trade Certified, n.d.). While FT is becoming more prevalent in the US, it only represents a small percentage of the total products sold in the country. The FT movement in other developed countries is more widespread than in the US. However, regardless of how mainstream the movement is becoming, it still experiences critical challenges that scholars and organisations are trying to understand. White, MacDonnell and Ellard (2012) state that a

> challenge for marketers is that fair-trade products often involve a unique consumer trade-off between individual-level costs (e.g., higher prices and less accessible distribution) and more societal, other-oriented payoffs (e.g., fair wages and ethical working conditions for producers in developing countries) . . . why it is often difficult to translate positive consumer attitudes toward fair trade into more meaningful intentions and behaviors.'
>
> (p. 103)

The FT concept faces many challenges while trying to become a more mainstream consumer movement. Doherty, Davies and Tranchell (2013) emphasise that some of these challenges are directly related to weakening of FT standards due to trade policies, lack of heterogeneity among FT products, allowing companies to look for lower cost suppliers, declining competitiveness of Fair Trade Organisations (FTOs) in the competitive global markets and extreme pressures felt for cost reduction. Others debate the role of different cultural frameworks used (interest of consumers versus the interest of developing-world producers) and differences in perceptions (Modelo, 2013). Hira and Ferrie (2006) agree with those challenges but also mention that disagreements in FT definition, lack of uniform certification process around the world, lack of consumer knowledge and awareness of FT products and their availabilities (especially in North America), and misunderstandings of the core value propositions of FT (Arnould, Plastina & Ball, 2009). Some scholars (Newhouse & Buckles, 2020; De Pelsmacker & Janssens, 2007) view consumers' attitudes and their scepticism about consuming FT products as major obstacles in the future of the FT concept. Cumulatively, these challenges create difficulties for the FT movement to become more mainstream and influential in global trade.

The FT movement has been historically stronger in Europe than in the US due to structural and cultural factors. Some countries in Europe such as UK and Germany provide government support through established political parties that endorse the FT movement (Hira & Ferrie, 2006) while the FT movement in the US does not have a similar political support. Moreover, there is legal support of the FT movement by the EU (EUR-Lex, 2016). Finally, from a cultural perspective, Europeans are more characterised by egalitarianism and commitment to others (group), which might explain their favourable tendencies towards FT products (Gobel et al., 2018). Newhouse and Buckles (2020) point out that there is little understanding of the behaviour of FT consumers in the US, replicating a study done in Belgium with minor modifications. More research about FT buying behaviour is warranted, especially in the US considering that it is the largest market among the developed Western nations. Furthermore, as the natural market of the FT products (Gen Z or young and urban consumers) reach their peak earning levels, they will have higher levels of purchasing power and more impact with respect to the sustainable consumption that FT products encourage.

Generation Z as FT product consumers

Gen Z, also known as post-millennials, are born in late 1990s and raised in 2000s. They are diverse consumers, comfortable with technology, virtually connected, preferring influencers who are compassionate and have care for society (Stylos et al., 2021). They want to belong to a group and work together with others through digital social network connection. Through social connectiveness, they have mobilised themselves for a variety of causes such as ethical consumption (Francis & Hoefel, 2018). Generation Z are expected to enter the workforce

very soon and are known to buy sustainable products (Petro, 2020). Nielsen Report (2015) found that that 73% of the younger generation was willing to pay more for sustainable goods.

Influential factors on FT purchases

It is stated that FT products are often more expensive than non-FT products due to the added costs of what may be higher wages, enhanced work conditions and environmental protection standards for the producers (Naegele, 2020). Higher product prices often become a crucial factor that negatively influences consumers' interests and purchase intentions for FT products. Gołaszewska-Kaczan and Kuzionko-Ochrymiuk (2020) reported that, although the young generation is very sensitive to ethical consumption, high prices might be the single most important concern that hindered students from purchasing ethical products. However, Becchetti and Rosati (2007) concluded that concerned consumers were willing to pay more for FT products because of the importance of social responsibility in their actions. Similarly, Navrátilová et al. (2019) explained that consumers are willing to pay more for higher quality products and environment-friendly production but not necessarily for creating 'fair work environments for farmers'. Rios, Finkelstein and Landa (2015) reported that US consumers are willing to pay up to 10% more for FT certified products.

On the other hand, De Pelsmacker and Janssens (2007) disputed the importance of price as a critical determinant in buying FT products but rather argued that consumers' product liking would be a more influential factor in FT product purchasing behaviour. To this end, FT knowledge and awareness become critical factors in their purchase decisions. Although the FT products are more common in food items such as coffee and chocolate, limited availability of FT products in other product categories (a limited number of products are FT certified), exacerbated by the consumers' limited awareness levels of the FT products, place significant constraints on consumption (Becchetti & Rosati, 2007). It is important to note that only certain product categories of products can be Fair Trade certified in the US, but more categories are being added, such as FT certified fish in 2014 (Fair Trade USA, 2018), FT denim in 2019 and FT dairy in 2021.

While price may be an important variable in influencing FT consumption for Generation Z, there are more variables that go into their decision making around consuming FT products. Literature provides evidence of a number of variables that were used by different researchers to examine the FT purchase behaviour. For instance, Iwanow, McEachern and Jeffrey (2005) found that price, quality and style were more important to consumers when purchasing apparel products than country-of-origin information or FT certification. On the other hand, Ma, Littrell and Niehm (2012) investigated attitudes of young female consumers towards non-food FT products such as clothing, jewelry, flowers and soccer balls, and reported that consumers with stronger beliefs in FT principles had positive attitudes toward purchasing FT products. Becchetti and Rosati (2007), on the other hand, reported that FT products were not conveniently available in stores and the physical distance to the store where FT products were sold had a negative effect on consumers' FT buying behaviour. Yet De Pelsmacker and Janssens (2007) reported that convenience was not an important factor in FT purchasing behaviour.

Doran (2009) found a positive correlation between consumers' values and their purchasing behaviour of FT products. Consumers with universalism values, which means caring for others, are more likely to purchase FT products. Other values such as power, benevolence, security and hedonism were also reported to contribute to FT purchasing behaviour (Doran, 2009). Strong (1997) points out that consumers might not buy FT products because of misconception of the 'human element' in their purchasing behaviour. While FT products may appeal to consumers because they are interested in ethically produced goods, consumers generally place more value on what directly benefits them versus what benefits others (Strong, 1997). This argument can be used to justify why organic certification is more popular among consumers than the FT certification. Consumers may be more engaged with or interested in organic certification because of its potential to directly benefit consumers due to the perceived health benefits, as opposed to FT certification, which seeks to protect producers' and workers' interests while promising to protect consumers' interests indirectly.

Other scholars argued that it is not sufficient for consumers to know that the products are FT certified to change their purchasing behaviour (Carrigan and Attalla, 2001). Boulstidge and Carrigan (2000) looked into consumers' knowledge about social responsibility of the company and concluded that it was not the deciding factor in the FT purchase decisions. Moreover, Brown (2013) concluded that sometimes it is better not to share whether the company uses FT certified ingredients because this information was not found to play a role in consumers' decision making. He argued that most consumers do not have enough knowledge about FT products to consider them in their decision making and such information might lead them perceive FT products as 'premium products' and hence shy away from them (Brown, 2013). Leeuw, Valois and Houssemand (2011) reported that the positive attitudes and perceived behavioural control explained consumers' intentions to purchase FT products more than the social or moral norms. Newhouse and Buckles (2020) assert that consumer knowledge of FT products was significant in influencing FT product buying while scepticism and product likeability were less significant in their decision making. Rios, Finkelstein and Landa (2015) mention socially responsible consumption and concerns for the environment and humanity as important factors affecting FT product preference which would be appealing to generation Z consumers. Andorfer (2013) similarly finds that the behaviour-specific FT attitude and environmentally friendly attitude motivate consumers to buy FT products. Most importantly, positive attitudes alone do not lead to purchasing FT products, but they increase customers' intentions to buy (Newhouse & Buckles, 2020).

Finally, scholars looked into the effects of various demographic factors, such as age, gender, education, income, religion and education, on FT purchasing behaviour. Studies reported that younger consumers were more knowledgeable about FT products (Becchetti & Rosati, 2007; Ma, Littrell & Niehm, 2012; De Leeuw et al., 2014). Navrátilová et al. (2019) further affirm that young and female consumers were more knowledgeable, cared more about the origin of products and were more interested in buying ethically sourced goods. Additionally, consumers with higher education and income levels were more knowledgeable about FT products (Andorfer, 2013; Navrátilová et al,, 2019). Becchetti and Rosati (2007) suggest that increasing knowledge about FT products among older and wealthier customers may have a significant effect on FT product demand as older people tend to have more discretionary income. On the contrary, Doran (2009) and Pharr (2011) reported that demographic factors were not significantly influential in FT product purchases but rather argued that focus should be on the psychographic factors of US consumers' behaviour towards FT products. In addition, religiosity is attributed to FT product preferences as religious consumers are more likely to care for others, such as farmers (Salvador, Merchant & Alexander, 2014; Rios, Finkelstein & Landa, 2015). Andorfer (2013) also confirms religiosity as an important factor as well as social status and shared values/solidarity.

In sum, the scholarly debate and interest in examining the factors influencing FT product purchase continues in the literature. Additional empirical studies examining the Gen Z customers' interest in and intentions to buy FT products would provide valuable insights to both researchers and practitioners alike, considering that this group's purchasing power will rise in the near future.

Conceptual Framework and Research Hypotheses

Previous researchers have discussed various challenges for FT and used various theoretical frameworks to understand and explain consumer buying behaviour of FT products. Several studies (Beldad & Hegner, 2018; Ma, 2007) used the theory of reasoned action (Ajzen & Fishbein, 1980) and its extension of the theory of planned behaviour (Ajzen, 1985) as a theoretical framework in understanding consumer buying behaviour of FT products. Briefly, it theorises that one's actual behaviour (in this case, purchase behaviour of FT products) is influenced by that person's intention to act. Intentions are assumed to be influenced by the person's attitudes, subjective norms and behavioural control. In other words, this theory suggests consumers' intentions to engage in a certain behaviour are the best predictor of what they do (behaviour), and their intentions may be best predicted by their attitudes. Our conceptual framework in this study is mainly based on the theory of reasoned action (TRA) but several researchers have emphasised that it is necessary to modify TRA model with additional variables to understand consumer decisions regarding ethical and FT products (Shaw, Shiu & Clarke, 2000). There is empirical support in the marketing and consumer behaviour literature on the relationships among consumer knowledge,
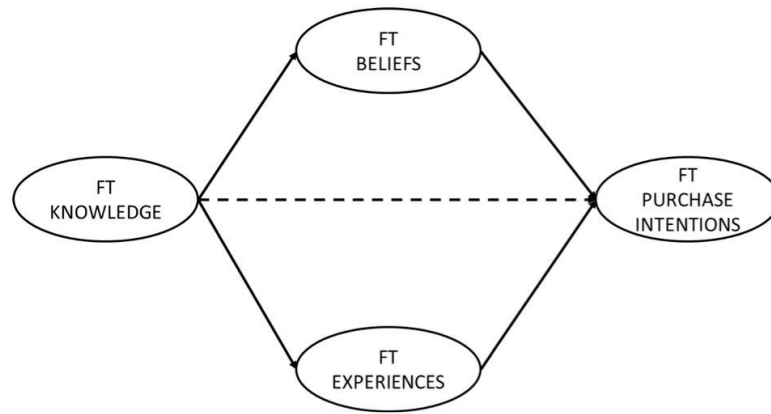
Figure 1 Conceptual model of consumers' FT product purchase intentions

experiences, perceptions, attitudes and their purchase intentions. Ajzen and Fishbein (1980) conceptualised that an individual's beliefs regarding a behaviour are important determinant of attitudes toward that behaviour. Accordingly, consumers' knowledge, beliefs, experiences and perceptions about FT are precursor to their actions, purchase intentions. Hence, we conceptualise that Gen Z's beliefs about consumption and social responsibility would be a significant determinant of their FT product purchase intentions. In addition, consumers' FT product knowledge (subjective) along with and their prior purchase experiences will also contribute to their purchase intentions of FT products. Conceptual model and hypothesised relationships are illustrated in Figure 1.

FT product knowledge

Consumers' product knowledge refers to people's perceptions of specific products (FT products in this study) in terms of what or how much they know about these products. Product knowledge could be subjective or objective and they influence consumer buying intention through affecting their information processing. Barrutia and Gilsanz (2013) indicated that product knowledge influences consumers' cognition of product attributions and evaluation criterion, which would influence their abilities to collect and process information. In this study, consumers' FT product knowledge is assumed to provide the necessary information about a FT product's unique attributes and benefits to themselves (consumers) and others (society). Accordingly, lack of this FT product knowledge would negatively influence their purchase intentions.

Earlier research claims that demographic factors and higher price alone do not fully explain FT purchasing behaviour, and that additional variables need to be considered, such as knowledge, beliefs and prior experiences. Several studies investigate and confirm that subjective product knowledge is an important factor affecting FT purchasing behaviour. Castaldo et al. (2009) state that lack of knowledge about FT is the second most important factor preventing consumers from buying FT after the higher price. Similarly, Eberhardt et al. (2020) confirm that subjective knowledge about FT is an important contributing factor, leading from intentions to actual purchase of FT products. However, there are differences in consumers' knowledge levels of FT products and those knowledge level differences may explain their FT buying behaviour (Newhouse & Buckles, 2020). De Pelsmacker, Janssens and Mielants (2005) found that consumers were generally knowledgeable about FT products. While the Generation Y consumers did know enough about the FT apparel products (Hwang,Lee & Diddi, 2015), consumers with higher education levels and income were more knowledgeable about FT products (Andorfer, 2013; Navrátilová et al., 2019). Yet some studies find that younger consumers have extensive knowledge about FT (Becchetti & Rosati, 2007; Leeuw, 2014; Ma, Littrell & Niehm, 2012; Navrátilová et al., 2019). We use the Gen Z (young, urban and educated) consumers as the prime target for FT products in our study and conceptualise that these consumers' subjective product knowledge positively influences their purchasing behaviour (Lee et al., 2012).

H1: Consumers' knowledge of FT products will positively influence their purchase intentions of FT products.

FT product beliefs

Consumers' beliefs and perceptions have been found to positively influence their purchase intentions of organic products because such perceptions were closely associated with 'safety' and 'good for health' evaluations (Lai and Cheng, 2016). Raats, Shepherd and Sparks (1995) emphasised the importance of the moral obligation dimension and included it in the TPB model used in their study. Shaw and Clarke (1999) emphasised the importance of the complex formation of ethical beliefs and therefore hypothesised that they contributed to purchasing behaviour in FT grocery items. Further, Shaw, Shiu and Clarke (2000) found that ethical obligations of helping others and self-identity influence intentions of ethical consumers purchasing of FT products more than TPB variables. Consumer's beliefs in perceived justice or fairness of FT products increased their purchase intentions of such products (Wang & Chen, 2019). White, MacDonnell, & Ellard (2012) argued that, when consumers believe that 'the fair-trade products have the potential to restore justice', they will opt to respond to injustice by supporting fair trade products. D'Souza et al. (2020) specifically investigated consumer's just-world beliefs in relation to FT in general and found that those beliefs about justice in the world have direct impact on FT purchasing behaviour. Ma, Littrell and Niehm (2012) examined attitudes of young female consumers towards non-food FT products and found that consumers with stronger beliefs in FT principles have positive attitudes toward purchasing FT products. Therefore, we suggest the following hypothesis:

H2: Consumers' beliefs about FT products will positively influence on their purchase intentions of FT products.

FT product previous experiences

Consumers' prior purchase experience is usually related to their direct or indirect contact with the product or the provider. An individual's response to a judgemental task is assumed to be the sum of past experiences, current context and the stimulus (Helson, 1964). Consumers may or may not be aware of the effects of this influence but their interaction with the product or the seller alters their future intentions to buy positively or negatively. Hence, consumers' previous purchase experiences (positive or negative) with the FT products will be closely related to their perceptions of FT products and expected to contribute to their purchasing intentions (Smith and Swinyard, 1983). The TPB uses past behaviour as a strong influencer of the future purchase intentions (Ajzen, 1991). Rosen and Sims (2011) found that ethical behaviour is habitual and consumers who are altruistic when young grow into altruistic adults. This finding explains the valuable role of the Fair Trade Campaigns in the US: people who have had some experience with the FT movement when they were young (via their church, school or university programmes) are more likely to become adults who support such movements by purchasing FT products. Several researchers found that both self-identity and past behaviour have some influence on the intention to buy (Dean, Raats & Shepherd, 2011; Fekadu & Kraft, 2001; Rise, Sheeran & Hujkkelberg, 2010). Therefore, we propose the following hypothesis H3.

H3: Consumers previous experiences with FT products will positively influence on their purchase intentions of FT products.

Mediation effect

As mentioned above, consumers' actual prior FT product purchase experiences along with their knowledge and beliefs about these products will contribute to the formation of their attitudes towards such products, which will ultimately influence their intentions to purchase. Although there be many other variables that contribute to FT product purchase intentions and behaviour, conceptualising and examining the mediating relationships among variables can also provide valuable insights in our efforts to understand FT product purchase behaviours. We argue that consumers' knowledge (subjective or objective) of FT products will contribute to the formation of beliefs (positive or negative) about the FT products. When the FT product knowledge is combined with the positive consumer beliefs, the strength of the relationship will improve (will have a stronger positive effect on intentions). Similarly, consumers who are more knowledgeable about FT products will evaluate their

FT experiences more accurately. Hence, when the FT product knowledge is supported by the positive prior purchase experiences with FT products, the strength of the relationship with purchase intentions will improve. Therefore, we propose hypothesis H4.

H4: The positive effect of consumer knowledge on purchase intentions of FT products will be mediated by (a) consumers' FT beliefs and (b) their experiences with FT products.

Research Methodology
Data collection
Data for the study were collected from college students attending a state college located in a large metropolitan area of the northeastern US. The use of student subjects as a convenience sample has been criticised but requires researchers to be careful in their research design (Etgar & Goodwin, 1977). A problem occurs if students used in studies are familiar with or knowledgeable about the topic of the study. Yet the student sample may be entirely acceptable and consistent with improved external validity if the topic of the study is relevant and salient to them. Therefore, the use of student samples in this study is considered relevant and appropriate because we are interested in examining the attitudes and behaviour of this specific segment toward FT products.

An online questionnaire containing the study constructs was developed and administered to approximately 180 undergraduate students enrolled in the college. A total of n=154 usable responses were obtained. The study was conducted between September 2020 and May 2021. Qualtrics was used as the online data collection tool and the survey link was distributed to undergraduate students on a convenience basis via e-mail. Participation in the study was voluntary and was rewarded as extra credit towards their course grade. To improve student participation, several instructors on campus were approached by the researchers and asked for their help with the data collection process. Those instructors who agreed to distribute the link to their students offered extra credit toward their course for survey participation.

Operationalisation of constructs
The scale items to measure the different constructs used in the conceptual model of the study are obtained from the published literature (Konuk, 2019; Beldad & Hegner, 2018; Perez & García de los Salmones, 2018a, 2018b; O'Connor, Sims & White, 2017; Lindenmeier et al., 2017; De Pelsmacker and Janssens, 2007). Accordingly, the questionnaire developed for this study contained several sections. The first few sections of the questionnaire included questions about subjects' *knowledge* (e.g. *I am quite familiar with fair trade products*), *beliefs* (e.g. *I describe fair trade as a socially responsible consumption*), *prior purchase experiences with FT products* (e.g. *I have bought fair trade products*) and *purchase intentions of the FT products* (e.g. *I intend to buy fair trade products in the future*. These questions were asked using five-point Likert type questions ranging from Strongly Agree (5) to Strongly Disagree (1). The specific questions used to measure these constructs are listed in Table 2. The last sections of the questionnaire included questions about demographic questions along with purchase experiences subjects had with FT products.

Analysis and Results
We first used descriptive analysis of the data to provide some background information about various characteristics of the sample used in the study. Although we used a convenience sampling method, the size of the sample as a proportion to the total number of students enrolled in the college was relatively large (approximately 50% of all business students). In other words, we reached a sizeable proportion of the student population at this campus. Table 1 shows the sample profile.

Table 1 shows that majority of the study participants were female (57%) and most of the subjects were less than 23 years old (80%). We posit that this is the right group of subjects we wanted to study, and the gender proportion is very similar (representative) to the overall gender proportion in the college where the data were

Table 1 Sample profile

Characteristics	Frequency	Relative Frequency (%)
Gender		
• Male	66	43
• Female	85	56
• Non-binary	1	1
Annual Household Income (2019)		
• Less than $30,000	37	24
• $30,001 to $50,000	18	12
• $50,001 to $70,000	19	12
• $70,001 to $90,000	16	10
• $90,001 to $120,000	22	14
• $120,001 to $150,000	18	12
• Above $150,000	14	9
Age		
• 18 to 20	62	42
• 21 to 22	55	38
• Above 22	30	20
Major		
• Business	70	46
• PSCM	29	19
• IST	7	5
• Science	13	9
• Others	32	21
Experience with FT products*		
• I have been to Ten Thousand Villages.	19	4
• I have tried fair trade coffee, chocolate, etc.	98	21
• I have bought fair trade flowers.	58	12
• I have bought fair trade products as a gift.	53	11
• I have purchased fair trade products for recipes.	58	12
• I have been to a fair trade business and/or restaurant.	106	22
• I bought fair trade products at main stores such as Whole Foods, Target, Aldi, Costco, CVS, Kroger and Amazon.	84	18

*Multiple response question.

collected. Although study participants indicated that they had various majors, the majority of the subjects were from the business school. Finally, with respect to the experiences with FT products, about a quarter of the subjects indicated that they had purchased and tried FT products and visited a FT business or restaurant.

Construct reliabilities and validity

In the first step, we checked the construct reliabilities for all constructs. Table 2 reports the construct reliabilities. All reliability scores exceeded the minimum alpha levels suggested (Nunnally, 1970) for Cronbach Alpha of $\alpha=0.70$ in the extant literature (Joreskog & Sorbom, 1988; Davis, Douglas & Silk, 1981; Nunnally, 1970). Accordingly, we interpret these scores as satisfactory for the purposes of testing and validating the structural relationships that are identified in our conceptual model. Table 2 shows the descriptive results and Cronbach's Alphas for all constructs used in the model.

In addition, to assess if the correlations among variables are suitable for factor analysis, we examined it using the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO-MSA) (Kaiser, 1970). All KMO results were above .50, which is the minimum cut-off for factor analysis. Additionally, all levels of significance for Bartlett's test for sphericity were less than .001. KMO results along with the Bartlett results indicate the data are suitable for factor analysis.

Table 2 Measurement scales, items, means and Cronbach's Alpha

Knowledge*		0.89
I have a good knowledge of the fair trade issues.	3.23	
I am quite familiar with fair trade products.	3.11	
I have read articles/watched TV programs about fair trade.	2.83	
I have heard about fair trade products.	3.79	
I have seen a logo that identifies fair trade products.	3.68	
I know/live in the fair trade town.	3.08	
Beliefs*		0.907
Socially responsible consumption.	4.01	
Ethical consumption.	4.01	
It is right thing to do.	3.79	
Moral responsibility.	3.71	
Social regulation of trade.	3.63	
Better environmental business practices.	3.89	
Transparency, accountability and respect.	3.92	
Experiences*		0.804
I have tried fair trade coffee, chocolate, etc.	.64	
I have bought fair trade products as a gift.	.38	
I have purchased fair trade products for recipes.	.34	
I have been to a fair trade business and/or restaurant.	.38	
I bought fair trade products at main stores such as Whole Foods, Target, Aldi, Costco, CVS, Kroger, and Amazon.	.69	
I have purchased non-food fair trade products before such as flowers, clothes, jewelry, soccer balls, etc.	.55	
Purchase Intentions*		0.876
I intend to buy fair trade products in the future.	3.73	
Next time I buy a product, it will be a fair trade product (if it is available in that category of the products).	3.34	
If I have a choice between a fair trade product and a non-fair trade product, I will choose a fair trade product.	3.60	
I am willing to pay more for fair trade products.	3.36	

*A five-point scale was used ranging from 1=Strongly Disagree to 5=Strongly Agree

**Dummy coded questions 1=Yes and 0=No.

Table 3 shows that the estimates of standardised loadings are all above 0.5, AVE estimates are 0.5 or above (with one exception) and all CR values are above the minimum threshold (0.70) suggested in the literature indicating adequate convergence or internal consistency. Therefore, we can argue that there is enough evidence to provide support for convergent validity of these constructs. Although some statistics may appear to be a little below the estimates suggested in the literature, they do not appear to be significantly harming model fit or internal consistency. In addition, the model fits relatively well based on the goodness of fit measures. All AVEs were higher than their maximum respective SICs. This can be interpreted as the indicators having more in common with the construct that they are associated with than they do with other constructs. Hence, the model demonstrates discriminant validity.

Structural model

In the next step, we used confirmatory factor analysis (CFA) to assess the proposed dimensional structure of the constructs used in the study. Accordingly, we used AMOS CFA to validate the model fit of the four latent factors (knowledge, beliefs, experiences and intentions). To test the hypothesised relationships, we first tested a structural model where we used only the Knowledge construct and checked its impact on FT Purchase Intentions. Results of this initial structural model are shown in Figure 2.

Figure 2 shows that the path from Knowledge to FT Purchase Intentions is statistically significant. The standardised path coefficient is positive and significant ($\beta = 0.51$, $t = 4.901$, $p < 0.000$), supporting the positive impact of FT Knowledge on FT Purchase Intentions with acceptable levels of model fit (Chi square = 59.95, TLI =

Table 3 Standardised factor loadings, variance extracted and reliability estimates

Items	Knowledge (FTK)	Beliefs (FTF)	Experiences (FTE)	Intentions (FTPI)	Item Reliability	Eigen values	Delta	Const pairs	IC	SIC
FTK1	0.80				0.64		0.51	FTK-FTF	0.47	0.22
FTK2	0.82				0.67		0.52	FTK-FTE	0.54	0.29
FTK3	0.71				0.50		0.56	FTK-FTPI	0.51	0.26
FTK5	0.75				0.56		0.76	FTF-FTE	0.27	0.07
FTK6	0.80				0.64		0.48	FTF-FTPI	0.58	0.34
FTK7	0.65				0.42	3.442	0.62	FTE-FTPI	0.55	0.30
FTF1		0.71			0.50		0.36			
FTF2		0.69			0.48		0.50			
FTF5		0.80			0.64		0.74			
FTF6		0.74			0.55		0.36			
FTF7		0.71			0.50		0.41			
FTF8		0.80			0.64		0.72			
FTF9		0.81			0.66	3.968	0.64			
FTE2			0.61		0.37		0.29			
FTE3			0.65		0.42		0.29			
FTE4			0.59		0.35		0.29			
FTE5			0.61		0.37		0.31			
FTE6			0.80		0.64		0.33			
FTE7			0.57		0.32	2.480	0.36			
FTPI2				0.74	0.55		0.44			
FTPI4				0.75	0.56		0.44			
FTPI5				0.90	0.81		0.54			
FTPI6				0.82	0.67	2.593	0.72			
Variance Extracted (AVE)	57%	57%	41%	65%						
Construct Reliability (CR)	0.89	0.90	0.81	0.88						
SIC Estimates	(0.22, 0.29)	(0.07, 0.34)	(0.07, 0.30)	(0.26, 0.34)						

IC=Interconstruct correlations; SIC=Squared Interconstruct Correlations; Delta=Standardised Error Variance; AVE=Average Variance Extracted; CR=Construct Reliabilities.

0.958; CFI = 0.970; RMSEA = 0.076) levels. Model R-squared (0.26) was found to be acceptable as well. These results provide support for H1, which stated that consumers' knowledge of FT products would positively influence their purchase intentions of FT products.
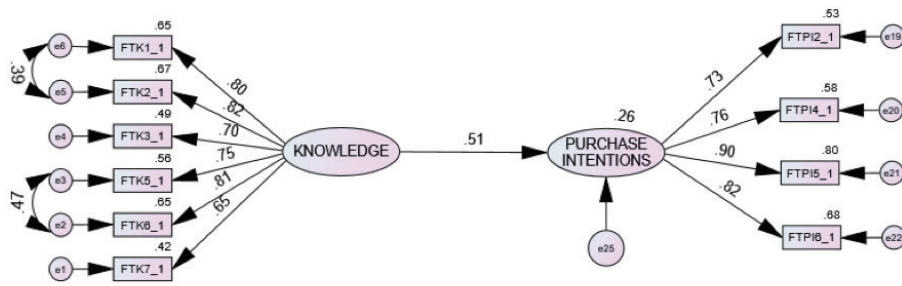
Chisquare=59.954, p-value=.002, TLI=.958, CFI=.970, RMSEA=.076

Figure 2 Initial structural model

Mediation analysis

We then tested the entire conceptualised model where FT Beliefs and FT Experiences are included in the model as mediating variables. Our goal was to check the size and significance changes for the path between FT Knowledge and FT Purchase Intentions when these two variables are included in the model. If the path between FT Knowledge and FT Purchase Intentions becomes insignificant, this would indicate full mediation while if it stays significant but coefficient size declines, that will indicate partial mediation. Results are presented in Figure 3.

Figure 3 shows that the entire model achieves a good model fit indices (Chi square = 350.35; TLI=0.928; CFI=0.937; RMSEA=0.062). H2 stated that consumers beliefs about FT products would positively influence their purchase intentions of FT products. Results show that we found support for H2 (β = 0.43, t = 4.602, p < 0.000).
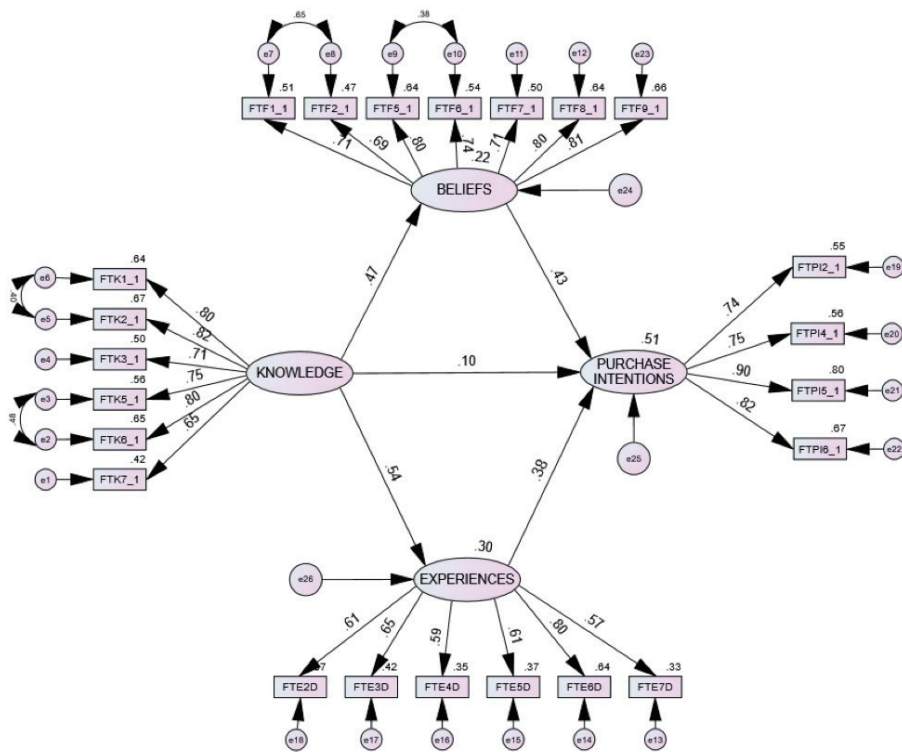
Chisquare=350.349, p-value=.000, TLI=.928, CFI=.937, RMSEA=.062

Figure 3 Structural model with mediating variables

Table 4 Hypotheses testing results

Hypothesis	Description	Std. Reg. coefficient (β)	p-value	Support
H1	Consumers' knowledge of FT products will positively influence their purchase intentions of FT products.	β=0.51	p<.000	Supported
H2	Consumers' beliefs about FT products will positively influence their purchase intentions of FT products.	β=0.43	p<.000	Supported
H3	Consumers' experiences with the FT products will positively influence their purchase intentions of FT products.	β=0.38	p<.000	Supported
H4	The positive effect of consumer knowledge on purchase intentions of FT products will be mediated by (a) consumers' FT beliefs and (b) their experiences with FT products.	β=0.10 became insignificant	p>.32	Supported

Similarly, H3 stated that consumers' experiences with FT products will positively influence their purchase intentions of FT products. H3 is also supported ($\beta = 0.38$, $t = 3.550$, $p < 0.000$). However, the path between FT Knowledge and FT Purchase Intentions now becomes insignificant ($\beta = 0.10$, $t = .992$, $p > 0.32$) indicating a full mediation effect. In other words, full mediation occurs when the mediating variables are included, not only does the size of the regression coefficient decline but also it becomes statistically insignificant. This provides support for the full mediation effects, hence supporting H4. In addition, the model R-squared increased from 0.26 to 0.51. Table 4 summarises the results of the hypotheses tests.

Discussion

This study explored factors that contribute to Gen Z's (young, urban, educated) intentions to purchase FT products. Gen Z consumers offer crucial market potential for FT products as these customers' purchasing power improves and they continue to be actively involved with the consequences of their product purchases. Studies examining the FT buying behaviour of Gen Z segment is scarce, especially in the US, the largest consumer market that offers significant growth potential for FT products.

Using the theory of planned action, we conceptualised that consumers' knowledge of the FT products would significantly influence their purchase intentions, but their beliefs about FT products and prior purchase experiences of FT products would mediate the relationships. Our study findings confirmed that consumer knowledge of the FT products had a positive impact on their purchase intentions of FT products. This result is consistent with previous findings that young consumers have strong knowledge about FT products (Ma, Littrell & Niehm, 2012; Navrátilová et al., 2019). Moreover, our study findings also indicated that the knowledge and purchase intention relationship is mediated by consumers' beliefs and past encounter experiences. This finding is also in line with the research conducted by Newhouse and Buckles (2020) that finds knowledge levels to be a strong determining factor and positive attitudes not to contribute to FT buying behaviour. Results of this empirical research demonstrate that FT product knowledge positively affects FT intentions to buy through the support of FT consumption beliefs and prior experiences. Carrigan and Attalla (2001) affirm that knowledge alone is not enough for young consumers to change their purchasing behaviour. Therefore, our study provides critical insight on two additional factors – beliefs and prior experiences – that would strengthen the influence of product knowledge and increase their purchase intentions. The structural model used in this study was not tested in the previous studies, hence it fills an important gap in the literature by shedding light to our further understanding of the young and urban consumers' FT product purchase behaviour.

Implications of the Study

There are several implications of this study for FT companies and organisations. First, the results confirm that Gen Z consumers' knowledge or awareness of the FT products positively influences their intentions to buy. Therefore, FT business should continue to inform, educate and engage Gen Z consumers about the benefits of

FT products and how their consumption actions impact a sustainable and ethical global business environment. While some FT businesses, such as Ten Thousand Villages stores, are actively engaged in educating consumers and include information about artisans who made their products on each of their products (Brown, 2013), other FT business do not use this storytelling approach in their communications to educate consumers and to make emotional connections. Gen Z consumers are characterised as having increased access to and use of technology, and, therefore, FT businesses should incorporate their educational outreach via viral digital and social media campaigns. It's important to note that many FT companies are small and don't have large marketing budgets, like larger multinational companies (Lamb, 2008), to create a sophisticated digital marketing and social media marketing campaigns. Therefore, existing social media efforts of small FT companies can be improved. FT businesses and organisations can partner with influencers to educate young consumers about FT movement and products. In 2019, Ben & Jerry's Americore Dream, which is made with Fair Trade ingredients, appeared in the *Late Show by Jimmy Fallon* after a guest of the show Rep. Occasion-Cortez posted a picture of her eating a pint of this ice cream on her Instagram (https://youtu.be/2f4gMQd_9Hs). Ben & Jerry's have been using FT ingredients in their products since 2005 (https://www.benjerry.com/values/issues-we-care-about/fairtrade), but the launches of Stephen Colbert's Americone Dream and Jimmy Fallon's Tonight Dough on their respective shows were significant as they highlighted Fair Trade as an essential aspect.

Second, since the findings of this study indicate that consumers' past experiences of purchasing FT products positively influence their intentions to buy, FT businesses should encourage consumers' initial trial through various sales promotion campaigns (e.g. samples, coupons) and visible point of purchase displays (e.g. college campuses). In addition, they should adapt various customer loyalty programmes to encourage repeat purchases, improve their experiences, reinforcing their decisions through online positive word of mouth and testimonials, peer referrals and publicly visible behaviour, such as a digital FT product badge system that could be displayed in online social media. FT businesses should use customer relationship management tools to respond to changing consumer needs and preferences and educate/inform consumers about the impact they are making with their purchases.

Third, our study findings confirm that when consumers have strong beliefs about FT products, socially responsible consumption and sustainable business environment, their FT product purchase intentions improve. FT businesses hence should confirm and strengthen the existing positive consumer beliefs about FT movement and correct misunderstandings. This could be done by recruiting and working with role model spokespeople and influencers that Gen Z consumers identify with. FT businesses should recruit spokespeople and influences who hold similar beliefs and are passionate about ethical and responsible consumption. FT businesses should appeal to positive beliefs that consumers already have by promoting the fact that their practices align with sustainable development goals (SDGs), benefit the environment and the global business environment. FT businesses collaborate with other organisations (e.g. NGOs) that appeal to similar beliefs in consumers' minds. For example, FT businesses in the US can work with the Green America organisation on their existing campaigns to end child labor which is prevalent in West Africa cacao plantations. Consumers who are members of Green America are more likely to have similar beliefs and to consider buying FT products. Moreover, FT businesses could also work with city governments and universities in the US that are designated as having Fair Trade Towns status or Fair Trade University status, respectively. Consumers living and studying in FT towns or universities are more likely to have more knowledge about FT, have positive consumption beliefs and prior purchase experiences. This would contribute to strengthening the existing infrastructure to promote FT products and influence consumer decisions.

Conclusion

FT is a social movement which can help to bridge inequality in the world. However, it involves trade-offs between individual level costs/benefits and global societal level payoffs. The future of FT depends on more consumers in developed nations participating in the socially responsible and sustainable consumption movement and have preference for FT certified products purchases. Gen Z consumers are conscious about and

care for sustainable consumption, including FT product purchase, hence would naturally be considered as a primary target market for FT products. However, current political, economic and cultural conditions in the US present a weaker market environment for FT products in comparison to the European markets/consumers. Although it might be difficult to fully explain the purchase behaviour of conscious consumers using traditional quantitative models, in this study, we attempted to provide insights into the FT purchase intentions of Gen Z consumers in the US by modelling various variables that were hypothesised to influence their buying behaviour. In line with the previous research, our findings confirmed that knowledge, beliefs and prior experiences positively influences FT purchase intentions. Our study shows that the effect of knowledge on FT product purchase intentions becomes stronger when it is combined with and enhanced by two additional constructs such as consumer beliefs and past experiences. The findings of this study suggest that FT businesses can improve the US youth consumers' purchase intentions by enhancing and incorporating information (emotional or functional) to influence their knowledge, beliefs and experiences about FT in their marketing efforts.

Study Limitations and Future Research

It is important to evaluate the findings of this study with caution. This study has several limitations. This research explored only some variables that contribute to purchasing intentions. There are many additional factors that contribute to the FT purchasing decisions such as attitudes, demographic and geographic variables, lifestyles, etc. Future models should incorporate additional variables to understand FT purchase intentions at a deeper level. Moreover, the study surveyed students about knowledge, beliefs, experiences and purchase intentions in general without any specific consideration for FT product types such as food or non-food items. De Pelsmacker and Janssens (2007) found product interest to be the most important factor in FT purchasing behaviour, followed by knowledge, and thus future research designs should incorporate and control for different product types.

The use of convenient student samples in this study may lead to questions about its representativeness. However, students are considered relevant subjects in this study because they fit the target subject characteristics used in the study. Some of the subjects who participated in the study also lived in a town that is known to have the FT status (Media, PA, the America's First Fair Trade Town). Hence, those subjects might have more knowledge about FT products than the general student population who fit young and urban criteria along with Gen Z. Caution should be used in extending the generalisability of these findings to the entire student population in the US. In addition, sample size of 154 students might not be large enough to be representative of the whole student population, and future studies should consider using larger and more diverse student subjects to improve sample representativeness.

While this study investigated the factors influencing FT purchase intentions, it would be valuable and practical to investigate how these purchase intentions translate into actual purchases of FT products. There is a known gap between intentions to buy and actual buying of conscious products (Carrington, Neville & Whitwell, 2010). The future of the FT movement depends on more people not only intending but purchasing the products. Therefore, future studies should investigate factors that lead to purchases of FT products.

Lastly, most studies about FT were done in Europe where FT is more known and accepted than in the US. Future studies should further investigate what motivates US consumers to purchase FT products as the US is a large market that can make the difference in the future of the FT movement worldwide.

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