Katharine Lukas

Advisor: Dr. David Conner

The Fair Trade Evolution:
The Case for Supply Chain Management
to Drive Value, Impact & Growth

Abstract

What started as a grassroots effort to aid tradespeople in developing nations, Fair Trade and similar certification models have, over the last sixty years, successfully established themselves as a viable alternative to conventional international trade; the ongoing growth of their market share and volume emphasize the increasing market demand for these alternatives. As Fair Trade continues to grow, so does the variety of participants in the program and with this shift, Fair Trade is challenged to continuously evaluate how it can support both its producer base and the customers driving demand. This is, at its core, a challenge of maintaining its mission while appealing to new customers and channels.

Fair Trade’s expanding customer base, particularly with larger and more conventional businesses, has driven increased pressure for Fair Trade to prove and improve its impact and value. The research presented in this thesis explores Fair Trade’s history, its current state and its future with a focus on impact and value creation. While Fair Trade is ultimately only a third party certification scheme with a mission singularly focused on improving producer livelihoods, its certification has inadvertently developed a global value chain network. This research focuses on the supply chain of Fair Trade.

This thesis reviews two existing bodies of literature; the first, the past and present of Fair Trade and its current challenges, the second sustainable supply chain management and supply chain governance. Following this review, we also explore the work of Keurig Green Mountain, the largest US procurer of Fair Trade coffee for three years running. From here, we develop a conceptual model and framework by which to view the current supply chain actors within Fair Trade. Finally, through our research and a series of semi-structured interviews with key industry players, we explore the future of Fair Trade and the opportunities within the supply chain to optimize operations and explore the potential benefits. Based on the results of our qualitative research, our study seeks to highlight a gap in the existing literature of Fair Trade by exploring its opportunities from a business and supply chain management perspective.