

Fair Trade in the Zlin Region: A Case Study

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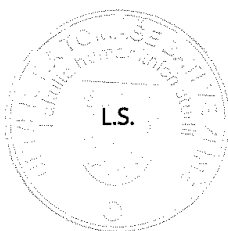
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ABSTRAKT

Tato bakalářská práce se zabývá problematikou Fair trade. Cílem práce je zjistit, jaká je situace ohledně Fair trade ve Zlínském kraji a zda je tato stejná jako v celé České republice či ve světě. Práce je rozdělena na teoretickou a praktickou část. Teoretická část vysvětluje definici pojmu Fair trade, rozebírá historii tohoto hnutí, jeho principy a nabízí porovnání s volným obchodem. Praktická část je věnována organizacím obchodujícím s Fairtrade výrobky v České republice, dále pak Fairtradovým městům a dalším prodejním místům těchto výrobků ve Zlínském kraji. Výzkum je prováděn formou mnohonásobné případové studie, jež zahrnuje rozhovory s jednotlivými subjekty působícími ve Zlínském kraji. Výsledky šetření jsou porovnány s teoretickými poznatky, čímž umožňují lépe porozumět této problematice.

Klíčová slova: spravedlivý obchod, volný obchod, principy, certifikace, případová studie

ABSTRACT

This bachelor thesis deals with the issue of Fair trade. The aim of this work is to discover what the situation regarding Fair trade in the Zlin Region is and whether it is equal to the situation in the Czech Republic and in the world. The thesis consists of a theoretical and a practical part. The theoretical part explains the definition of the term Fair trade. Moreover, it describes the history of this movement and its principles and it also compares Fair trade to free trade. The practical part is dedicated to organizations dealing with Fairtrade products in the Czech Republic. Furthermore, it pays attention to Fairtrade towns and other places offering Fairtrade products in the Zlin Region. The research is conducted through a multiple case study which includes interviews with individual entities in the Zlin Region. Subsequently, the results are compared with the theoretical knowledge enabling a better understanding of this issue.

Keywords: Fair trade, free trade, principles, certification, case study

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CONTENTS

INTRODUCTION	10
THEORY	11
1 FAIR TRADE.....	12
1.1 DEFINITION OF FAIR TRADE.....	12
1.2 BRIEF HISTORY.....	13
1.3 FAIR TRADE VS. FAIRTRADE.....	15
1.4 PRODUCTS	16
1.4.1 Coffee	16
1.4.2 Bananas.....	17
1.4.3 Cocoa.....	17
1.5 FAIR TRADE VS. FREE TRADE.....	18
1.5.1 Principles of Conventional Trade	18
1.5.2 Disadvantages of Conventional Trade.....	19
1.6 FAIR TRADE PRINCIPLES	21
1.6.1 Supply Chain	21
1.6.2 Fair Prices	22
1.6.3 Working Conditions	23
1.6.4 Empowerment.....	24
1.6.5 Environment	25
1.7 CERTIFICATION.....	25
ANALYSIS	28
2 FAIR TRADE IN THE CZECH REPUBLIC.....	29
2.1 MEMBERS OF FAIRTRADE CZECH REPUBLIC.....	30

2.1.1 Arcidiecézní charita Praha (Caritas of the Archdiocese of Prague)	30
2.1.2 Ekumenická akademie Praha o.s. (The Ecumenical Academy Prague)	30
2.1.3 Fairově s.r.o.	31
2.1.4 Fair Trade Centrum s.r.o.	31
2.1.5 Jeden svět o.p.s.	31
2.1.6 Mamacoffee s.r.o.	32
2.1.7 NaZemi	32
2.1.8 Miko káva s.r.o. (Miko Coffee)	32
2.1.9 Centrum environmentálnej a etickej výchovy Živica o.s.....	33
2.1.10 Nadácia Integra (The Integra Foundation)	33
2.2 FAIRTRADE TOWNS.....	33
2.2.1 The Five Goals.....	34
2.2.2 Czech Fairtrade Towns	35
2.2.3 Fairtrade Town Vsetín	36
2.2.4 Applicant Kroměříž	37
2.3 PLACES OFFERING FAIRTRADE PRODUCTS	38
2.3.1 Shops	38
2.3.2 Restaurants and Cafés.....	40
3 RESEARCH	41
3.1 METHODOLOGY: A CASE STUDY	41
3.1.1 Types of a Case Study.....	42
3.1.2 Interviews	42
3.2 RETAIL HEALTHY FOOD STORE HAVLÍKOVÁ.....	43
3.3 POETICKÁ KAFETERIE.....	47
3.4 BIOMARKET U ZELENÉHO STROMU	50
3.5 COMPARISON OF INTERVIEWS	53
CONCLUSION	57
BIBLIOGRAPHY	58
LIST OF ABBREVIATIONS	63
APPENDICES	64

INTRODUCTION

Trade not Aid. This slogan introduced by United Nations represents the vision of Fair trade movement. Billions of American dollars have been spent on helping developing countries in the last century. However, the living conditions of people in these countries have not improved during this time. Families still suffer from poverty, children are exploited, women are disadvantaged, producers usually do not receive enough money to cover the costs and workers often work in dangerous conditions for minimum wage. Fair trade movement believes that there is another way how to help these people.

The theoretical part of this bachelor thesis serves as a knowledge background for the practical part. It explains what Fair trade is, how it started and what organizations are involved in this movement. Hereinafter, it examines the difference between the term *Fair trade* written separately and the term *Fairtrade* written as one word since these are often misused. Moreover, a range of Fairtrade products and the top three Fairtrade products are introduced. In the next chapter, the difference between Fair trade and free trade is discussed as well as Fairtrade principles and certification.

The practical part is devoted to Fair trade in the Czech Republic and in the Zlin Region. I believe that the Zlin Region situation reflects the situation in the Czech Republic which differs from the situation in the world in terms of tradition and the range of products. The first chapter introduces members of Fairtrade Czech Republic. Moreover, standards for the Czech Fairtrade towns are discussed as well as two particular Fairtrade towns located in the Zlin Region. In addition to these Fairtrade towns, other places dealing with Fairtrade products in the Zlin Region are described. The most important chapter of the practical part is related to the research in the form of a multiple case study. Three similar types of organizations offering Fairtrade products were purposely selected and their owners or managers were interviewed. Finally, answers of individual respondents are compared with each other. These results show what the situation in these cases is and that my assumption about the differences and similarities between Fair trade in the Zlin Region, the whole Czech Republic and in the world is correct.

I. THEORY

1 FAIR TRADE

1.1 Definition of Fair Trade

Fair trade is a term becoming very common nowadays. Some people are able to recognize the FAIRTRADE Mark whereas some are still not. But the progress is obvious, there is a lot of those who are aware of this movement and support it. Numbers show it clearly. Fairtrade products estimated retail value in 2004 was 831,523,066€¹ while retail value of 2011 reached 4,916,379,643€ worldwide.² This 491 percent growth created over only seven years time period indicates that Fair trade is becoming widespread and popular amongst people quite quickly. The problem is that not everyone is sure what Fair trade actually means. Some consider these products organic, some buy them to help the poor and some buy them for they think it helps to improve the environment. None of these options are false. All of them are true but just partially.

The most accepted definition of Fair trade was made by a working group of the four international Fair trade networks: Fairtrade Labelling Organisations International, International Fair Trade Association, Network of European World Shops and the European Fair Trade Association. These are referred to as FINE.³ The definition says that

Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South. Fair Trade organisations (backed by consumers) are engaged tactically in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade.⁴

¹ Fairtrade Labelling Organisations International, *Annual Report 2005-06: Building Trust* (Fairtrade Labelling Organisations International, 2005), 4.
http://www.fairtrade.net/fileadmin/user_upload/content/FLO_Annual_Report_01.pdf (accessed November 23, 2012)

² Fairtrade Labelling Organisations International, *Annual Report 2011-12: For Producers, with Producers* (Fairtrade Labelling Organisations International, 2011), 12.
http://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/2011-12_AnnualReport_web_version_small_FairtradeInternational.pdf (accessed November 23, 2012)

³ The Fairtrade Foundation, “The Fairtrade Foundation,”
http://www.fairtrade.org.uk/what_is_fairtrade/fairtrade_foundation.aspx (accessed November 20, 2012)

⁴ Jacqueline De Carlo, *Fair Trade: A Beginner's Guide* (Oxford: Oneworld Publications, 2007), 3.

According to this definition, Fair trade is based on dialogue and respect. Dialogue takes place between producer and consumer. Producer offers high quality goods mostly approved by the FAIRTRADE Mark. It guarantees that these goods meet the requirements and standards of Fair trade thus consumers can be sure what kind of product they buy. On the other hand, consumers show their interest on producer's life and on poverty in developing countries when buying Fairtrade products. They are willing to spend some extra money to help producers, who cultivated or created products of their interest. Both sides respect each other.

Although the term *trade* indicates of economics or financial sector, Fair trade refers rather to social movement. The main goal is not to earn money but to help people in need, especially those in developing countries. Materials, products and goods are from developing countries exported to developed countries. The price of these products can be higher compared to non-fairtrade products. The reason is that there is a minimum wage set, which producers have to get for their goods.⁵

The FINE's definition says that Fair trade focuses on producers and workers especially in the South. By the South, they mean developing parts of the world such as Africa, Latin America, and some countries in Asia and Oceania. In 2011, there were 736,900 farmers and workers in Africa and the Middle East, which amounts to 59 percent within the Fair trade system. Latin America and the Caribbean counted for 296,900 (24 percent) farmers and workers and Asia and Oceania for 210,000 (17 percent). Among top ten countries in number of farmers and workers were for example Kenya, Tanzania, India, Peru and Mexico.⁶

1.2 Brief History

Fair trade can be considered as recent years mainstream trend by some people. However, the idea of Fair trade started more than fifty years ago. Edna Ruth Byler, a volunteer could be called the mother of Fair trade. In 1946, she started importing needlecrafts from a poor

⁵ Jilly Hunt, *Fair Trade: Hot Topics* (Chicago: Heinemann library, 2012), 4-5.

⁶ Fairtrade Labelling Organisations International, *Monitoring the Scope and Benefits of Fairtrade*, 4th ed. (Fairtrade Labelling Organisations International, 2012), http://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/2012-Monitoring_report_web.pdf (accessed January 12, 2013)

Puerto Rican woman to the United States. By selling and returning earned money back to Puerto Rico, she laid the groundwork to the North America's first Fair trade organization *Ten Thousand Villages*. In 1960s, United Nations introduced the concept *Trade not Aid* and brought Fair trade into development policy.⁷

Five years later, Oxfam came up with a programme *Helping-by-Selling*. It sold imported handicrafts from producers in developing countries and few years later, the first world shop, selling handicrafts produced under fair conditions, was established in the Netherlands. Moreover, a Dutch Christian development agency *Solidaridad* established the first Fair trade label *Max Havelaar* in 1988.⁸ For the first time, Fair trade products were distributed to mainstream retailers. Named after the best-selling 19th century book, Max Havelaar was first applied to a coffee and later also to other Fairtrade products. Within years, similar initiatives followed Max's Havelaar effort and four major associations were created.⁹ Representatives of national world shop associations and ATOs across Europe are *The Network of European World Shops* (NEWS) and the *European Fair Trade Association* (EFTA). The third of these associations, *The Fair Trade Federation* (FTF) represents ATOs in the United States, Canada and Asia and the very last association is *World Fair Trade Organization* (WFTO), formerly called *The International Fair Trade Association* (IFAT).¹⁰

Since 1997, the Fairtrade standards, support, inspection and certification are set by an umbrella organization of national Fair trade initiatives – by Fairtrade Labelling Organizations International (FLO). FLO launched a new international FAIRTRADE Certification Mark, improving the visibility of Fairtrade products on supermarket shelves.¹¹ Certification and the FAIRTRADE Mark are discussed later.

⁷ Fair Trade Resource Network, *Brief History of Fair Trade* (Fair Trade Resource Network, 2007), <http://www.fairtraderesource.org/uploads/2007/09/History-of-Fair-Trade.pdf> (accessed November 20, 2012)

⁸ John Bowes, ed., *The Fair Trade Revolution* (London: Pluto Press, 2011), 3-5.

⁹ Fairtrade Max Havelaar Netherlands, "How Did It Start?" <http://www.maxhavelaar.nl/faq/how-did-it-start?destination=english&backtitle=FAQ's> (accessed November 29, 2012)

¹⁰ Sushil Mohan, *Fair Trade without the Froth: A Dispassionate Economic Analysis of 'Fair Trade'* (London: The Institute of Economic Affairs, 2010), 25.

¹¹ Fairtrade Max Havelaar Netherlands, "How Did It Start?" <http://www.maxhavelaar.nl/faq/how-did-it-start?destination=english&backtitle=FAQ's> (accessed November 29, 2012)

1.3 Fair Trade vs. Fairtrade

Consumers can sometimes get a bit confused as far as the proper terminology connected to this issue. There are three different ways of spelling the phrase *Fair trade*. They can be seen in supermarkets, in books, on the internet or on the product itself. These are the differences: *Fair Trade*, *fair trade* and *Fairtrade*. Now, one could think that their meaning is basically the same and all the different spellings are interchangeable. Unfortunately, this is not true and each of these options refers to something else.

The terms *Fair Trade* and *fair trade* express the same idea. They refer “to the concept of fair trade and the wider movement of producers, businesses and campaigners who support it, and conduct their campaigns and businesses according to its principles.”¹² This means that *Fair trade* corresponds to the definition created by FINE, which is mentioned above. It is used to refer the movement itself, the trading partnership, helping poor people, sustainable development and to all the principles of Fair trade.

On the other hand, the term *Fairtrade* describes “the international system, standards, certification and products certified by the Fairtrade Labelling Organizations International (FLO).”¹³ In other words, it is related to the products and their certification and to the standards these products have to meet. Certification and labeling of Fairtrade products is discussed later in this thesis.

In the Czech Republic, the term *Fair trade* is usually translated as *spravedlivý* or *férový obchod*,¹⁴ although most authors prefer the first one. For example, the European Parliament always uses the term *spravedlivý obchod* in the official documents regarding Fair trade issues. On the other hand, the original English term *Fair trade* is not rare among Czech people. Even the Czech umbrella organization dealing with Fair trade - Fairtrade Czech Republic - uses the English term in its articles, documents, graphs or annual reports rather than the Czech one. Moreover, it even inflects the English term according to the Czech grammatical rules: *fairtradový produkt* or *fairtradová škola*. According to these

¹² John Bowes, ed., *The Fair Trade Revolution* (London: Pluto Press, 2011), 17.

¹³ John Bowes, ed., *The Fair Trade Revolution* (London: Pluto Press, 2011), 17.

¹⁴ NaZemí, “Co je fair trade? Co je cílem fair trade?” <http://www.fairtrade.cz/32-nejcasteji-kladene-dotazy/8-co-je-fair-trade-co-je-cilem-fair-trade/> (accessed January 11, 2013)

facts, the English term *Fair trade* and the Czech term *férový* or *spravedlivý obchod* are interchangeable and have the same meaning.

In this thesis, both of the English terms are used – *Fairtrade* when talking about certified products and *Fair trade* when discussing the general idea, producers, principles and the movement itself.

1.4 Products

What are Fairtrade products? This question is asked by most people who have heard about Fair trade for the first time in their life. Their idea usually is that Fairtrade products represent only food and cosmetics. To their surprise they learn it can be things like footballs.

Fresh and dried fruit, cocoa, coffee, quinoa, rum, ice cream, biscuits, coconut, tea, honey, cereal bars, jam, wine, beer, flowers, rice, yoghurt, cotton products, food for babies and sports balls. These are some representatives of Fairtrade products. Over two thousand products certified as Fairtrade are available on the market nowadays.¹⁵ In the next part, attention will be paid to the top three Fairtrade products, which are represented by coffee, bananas and cocoa.

1.4.1 Coffee

Coffee is one of the major and the most widespread Fairtrade product. Why is it so? Coffee is one of the most important products in the world trade. It is the essential product of most developing countries - up to 80 percent of foreign exchange earnings account for coffee.¹⁶ Year after year, it has the highest sales volume even though other products' volume sales are increasing. It all started in 1980s when coffee price dramatically dropped down. Consumer movements NGOs and ATOs were disturbed by the whole situation and so they tried to promote alternative coffee products. They wanted to point out the imbalance of power and competition on the market and to the coffee farmers still downhill-going

¹⁵ Miles Litvinoff and John Madeley, *50 Reasons to Buy Fair Trade* (London: Pluto Press, 2007), 17.

¹⁶ Fairtrade Labelling Organisations International, "Coffee," <http://www.fairtrade.net/coffee.html> (accessed November 18, 2012)

conditions.¹⁷ These days, even big coffee companies such as Starbucks support Fair trade and offer Fairtrade coffee. Starbucks started to sell Fairtrade coffee in 2000. Since that year, it paid over \$16 million in Premiums and over \$10 million to Fairtrade licensing initiatives supporting the international certification system.¹⁸

1.4.2 Bananas

Fairtrade products with the highest volume sales are bananas. In 2011, there were sold 320,923 metric tons of bananas worldwide. They gained acceptance in emerging markets such as Australia and New Zealand.¹⁹ Workers on banana plantations and small banana farmers have to face several problems. The first one is that they are not able to earn a living because of five corporations controlling 80 percent of the sales on the banana import market. Another one is that "only about 20% of the prices paid by consumers for bananas reach exporting countries."²⁰ Most of money is lost in a value chain and never reaches producers. Growers of Fairtrade bananas are in a different position. They are guaranteed that they got at least money to cover the costs of production and also premium, which is used to invest in projects and necessary things in communities.²¹

1.4.3 Cocoa

The third most important Fairtrade commodity is cocoa. In 2011, cocoa crisis appeared because of political issues in Ivory Coast. There was an export ban on Ivory Coast's cocoa. Since Ivory Coast's cocoa industry takes over 40 percent of the global production, it is a huge problem for the market.²² Another problem is that cocoa supply is dropping, therefore farmers are unable to make a living and move to cities leaving their farms with cocoa

¹⁷ Sushil Mohan, *Fair Trade without the Froth: A Dispassionate Economic Analysis of 'Fair Trade'* (London: The Institute of Economic Affairs, 2010), 29.

¹⁸ Starbucks Corporation, "Responsibly Grown Coffee," <http://www.starbucks.com/responsibility/sourcing/coffee> (accessed November 18, 2012)

¹⁹ Fairtrade Labelling Organisations International, *Annual Report 2011-12: For Producers, with Producers* (Fairtrade Labelling Organisations International, 2011), 14, http://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/2011-12_AnnualReport_web_version_small_FairtradeInternational.pdf (accessed November 23, 2012)

²⁰ Fairtrade Labelling Organisations International, "Bananas," <http://www.fairtrade.net/bananas.html> (accessed November 24, 2012)

²¹ Ibid.

²² Richard Anderson, "Ivory Coast Crisis: Impact on the International Cocoa Trade," BBC News, <http://www.bbc.co.uk/news/business-12677418> (accessed November 20, 2012)

plantations. The cocoa brands want to invest in cocoa farms and lots of them seek a solution in Fair trade. From 2009 to 2010, “the number of Fairtrade cocoa producer organizations increased by nearly 50%. By the end of 2010 there were 55 producer organizations representing 122 000 farmers.”²³ Mars, one of the biggest brands in the confectionery industry, started to cooperate with Fair trade in 2011. Cadbury, the biggest British confectionery company and the second largest chocolate company after Mars, achieved Fairtrade certification for its Dairy Milk, the top selling chocolate bar in Britain in 2009. This step undoubtedly contributed to the Fairtrade chocolate sales and helped farmers in Ghana.²⁴

This part showed that Fairtrade products are represented by food as well as handicrafts. The best selling Fairtrade products in the world are coffee, bananas and cocoa. Nevertheless, the situation regarding Fairtrade products is different in the Czech Republic as described in the practical part.

1.5 Fair trade vs. free trade

It may happen that some people are not aware of the distinction between Fair trade and conventional trade. Some of them know about the differences but consider Fair trade and free trade the same matter. Although both of them have something in common, there can be seen great differences between them. To understand Fair trade advantages and system, it is important to explain the way conventional free trade works, as well.

1.5.1 Principles of Conventional Trade

Everyone comes across conventional trade on regular basis – when buying food, cosmetics, electronics, clothes, etc. Different countries have different rules and different visions of trading with other countries. *World Trade Organization* (WTO) sets the rules of world trade through governments of different countries. These governments negotiate agreements and WTO’s moves are done as results of that. The thing is that “although it is the

²³ Fairtrade Labelling Organisations International, *Annual Review 2010-11: Challenge and Opportunity* (Fairtrade Labelling Organisations International, 2010), 13, http://www.fairtrade.net/fileadmin/user_upload/content/2009/about_us/documents/FLO_Annual-Review_2010-2011_complete_lowres_single.pdf (accessed November 23, 2012)

governments of countries that agree to the rules, the rules are there to help producers of goods and services, exporters, and importers do business as freely as possible.²⁵

There are some fundamental principles which are more or less included in all WTO agreements. These principles are headstones of free trade and some of them are even similar to Fair trade principles. First of these principles relates directly to the word *free* in the term *free trade*. It means that trade barriers such as tariffs, import bans or quotas restricting quantities are reduced. WTO also stands for non-discrimination policy. Each product, services and nationals should be treated equally, no matter if foreign or own. No country should be preferred and countries cannot favor other countries.²⁶

Moreover, WTO tries to make world market more competitive and discourage export *subsidies* (state gives money an industry) and *dumping* (below cost products gaining market share). What is fair and unfair is established by the rules, which also set responds of governments to these complex issues. Free trade should be predictable and transparent, trade barriers should not be raised at will. Stable and predictable market creates new jobs, consumers can benefit from lower prices and have wide range of products to choose and investment is encouraged. What is more, WTO encourages greater flexibility and special privileges to developing countries as they account for three-quarters of WTO members. It tries to protect the environment by permitting members to protect not only the environment, but also animal health, plant health and public health.²⁷

1.5.2 Disadvantages of Conventional Trade

Principles of free trade seem to create fair trading environment, but reality is not so clear and is rather different. Although WTO rules encourage development and privileges to developing countries, developed countries using companies and producers in developing countries do not have to pay much money for an average salary. These companies also do not pay attention to working conditions because they do not have to offer workers

²⁴ The Fairtrade Foundation, "Cadbury Dairy Milk Commits to Going Fairtrade," http://www.fairtrade.org.uk/press_office/press_releases_and_statements/march_2009/cadbury_dairy_milk_commits_to_going_fairtrade.aspx (accessed November 14, 2012)

²⁵ Jilly Hunt, *Fair Trade: Hot Topics* (Chicago: Heinemann library, 2012), 14.

²⁶ World Trade Organization, "Understanding the WTO: What We Stand for,"

http://www.wto.org/english/thewto_e/whatis_e/what_stand_for_e.htm (accessed November 19, 2012)

²⁷ Ibid.

protection and safety standards. For example, sportswear sector is an industry with 80 percent of female employees from developing countries in Asia, Africa, Eastern Europe and Latin America. Some workers in sportswear manufacturers earn just \$0,68 an hour, so they are not able to satisfy their basic needs and support their families that obviously suffer. They have to work long hours under high stress in dangerous working conditions. Lots of them face verbal and sexual harassment having no chance of putting their trade union rights into effect.²⁸

As mentioned earlier, Fair trade's main goal is to help poor people in developing countries and to improve their conditions. On the other hand, conventional trade's overriding concern is profit. To earn as much money as possible is favorable. It uses identities such as Hollywood stars, musicians and other celebrities to sell products to consumers. Product placement in movies, catchy slogans and massive billboard advertisements are a part of successful marketing. Although in a different way, Fair trade uses marketing as well. It does not use huge advertisement and well-known people but rather shows and introduces individual manufacturers and their life stories, for example at the bottom page of a product. The aim is to help poor people and to connect consumer with grower thus consumer can picture actual situation of a concrete person. Money earned during the process is not lost in the marketing bustle.²⁹

Fair Trade producers get paid in advance. This credit enables them to earn money during production and cultivation times. Payment in conventional trade is received at the time of shipment or usually within thirty, sixty, or ninety days. Since the manufacturers and producers have no income during production and may not even have the commission for some time after actual final consumer has purchased a product, this is a great setback for producers.³⁰

Rules of free trade have been set by developed countries, therefore most of these seem to be in favor of them. These countries spend millions a day subsidizing their farmers. It is beneficial to their farmers but farmers from third countries cannot compete with them. For example, the European Union imposes tariffs on imports from South Africa to protect its

²⁸ Jilly Hunt, *Fair Trade: Hot Topics* (Chicago: Heinemann library, 2012), 16-18.

²⁹ Jacqueline De Carlo, *Fair Trade: A Beginner's Guide* (Oxford: Oneworld Publications, 2007), 19-21.

³⁰ *Ibid.*, 20.

fruit farmers even though EU producers have free entry to South Africa. Their products can compete with local ones but farmers from South Africa have no chance to compete with products in the European Union.³¹

1.6 Fair Trade Principles

It is obvious now that Fair trade and conventional trade differ in lots of aspects and that free trade is not free for everyone, especially not for producers in developing countries. However, Fair trade helps them to make their lives better and to create better conditions for them. But how does Fair trade do this? Is helping farmers the only concern of this movement? This chapter answers these questions and focuses on Fair trade principles and practices.

1.6.1 Supply Chain

First of all, it should be explained how conventional supply chain works. Supply chain, in other words “a value chain describes the production, marketing, and delivery links required for a commodity, product, or service to arrive from a producer to a customer.”³² Basically, it shows the journey and steps product has to undergo from producer to consumer. Everything usually starts with one producer only. This person sells a product to a company called middleman or reseller. Middleman sells this product to a main buyer, for example to a supermarket, where consumer can come and buy the product. This supply chain is quite simplified but it is easy to see how this process works. The problem is that most money is taken by middlemen and by main buyers, so the producers come out almost empty-handed. As a single individual who can hardly dictate terms or conditions, such producer is completely helpless as far as demanding more money or commission.³³

In contrast with this value chain, Fair trade offers something else to producers. They can organize into groups called *producer organization* or simply *cooperatives*. This possibility to form cooperatives is really convenient for individual farmers. It enables them to leave out reseller and sell their products to the supermarkets or other specialized stores directly. The issue is that middlemen also need to make money, so they would have to

³¹ Jilly Hunt, *Fair Trade: Hot Topics* (Chicago: Heinemann library, 2012), 24-25.

³² Jacqueline De Carlo, *Fair Trade: A Beginner's Guide* (Oxford: Oneworld Publications, 2007), 11.

³³ *Ibid.*, 12.

purchase goods from a huge number of individuals hence they would not be able to pay the individual farmer very much. Individual farmers might not sell their products to main buyers, because they need to buy large quantities of goods, which an individual is not able to grow. This problem is solved owing to cooperatives.³⁴

1.6.2 Fair Prices

Another advantage of producer organizations is a *minimum price* and additional *Fair trade premium*. Supermarkets have to pay the cooperatives the lowest possible price called Fair trade minimum price. After arranging this minimum price between producers and traders, producer can be sure about receiving it and about the fact, that sustainable production will be covered.³⁵

The Fair trade premium, or *social premium*, is the extra money cooperatives get for selling their products. They do not receive cash, but this premium represents investments in developmental projects which improve the lives of farmers, workers, their families and all the community. Investments can for example be in a form of training for employees and their children, it can also be spend to supply water to local villages, to build schools and hospitals, to help orphans, etc. Workers elect a committee of people called a *joint body* that is responsible for making decisions about the best usage of Fair trade premium.³⁶ According to Fairtrade Foundation balance sheet to 31 December 2011, there were spend \$1,067,000 to producer and product support.³⁷ From 2009 to 2010, Latin America and the Caribbean received 34,135,000€, Africa received 13,745,000€ and Asia and Oceania received 3,437,000€ Fair trade premium.³⁸

Social premium is not the only financial benefit of Fair trade. Producers have guaranteed a steady income due to long-term contracts and sustainable production

³⁴ Jilly Hunt, *Fair Trade: Hot Topics* (Chicago: Heinemann library, 2012), 8.

³⁵ *Ibid.*, 28.

³⁶ *Ibid.*, 9, 30.

³⁷ The Fairtrade Foundation, *2011 Annual Report and Financial Statements* (London, Fairtrade Foundation), 26,
http://www.fairtrade.org.uk/includes/documents/cm_docs/2012/2/2011%20Annual%20Report%20and%20Accounts%20-%20FINAL%20FULLY%20SIGNED.pdf (accessed December 15, 2012)

³⁸ Fairtrade Labelling Organisations International, *Monitoring the Scope and Benefits of Fairtrade*, 3rd ed. (Fairtrade Labelling Organisations International, 2011), 49,
http://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/Monitoring_the_scope_and_benefits_of_Fairtrade_2011.pdf (accessed December 4, 2012)

practices. Fair trade wholesalers have to establish long-term contracts with cooperatives as it is one of the requirements. These partnerships are connected with benefits such as personalized customer service and direct feedback.³⁹

1.6.3 Working Conditions

According to International Labour Organization, almost 21 million people are victims of forced labor and three out of a thousand people are trapped in jobs they cannot leave.⁴⁰ One of the key principles of Fair trade is to improve terms and conditions for people and workers in developing countries. Fair trade claims to protect workers' basic rights relating to fair conditions of employment, the right to join a trade union, freedom from discrimination and no forced or child labor.⁴¹

When buying a Fairtrade product one can be 100 percent positive no child was involved in manufacturing such product. Children in developing countries usually work on family farms and help their parents since early childhood. However, this involvement does not affect their health, education and security. As opposed to that, there are children which are forced to work and are exploited.⁴² The FAIRTRADE Mark guarantees no child labor and exploitation. It uses monitoring within industries by reporting of child labor violations. There are three options how to carry out monitoring: by producers' self-assessment, by reviews from trading partners or by random external inspections. For example Nike, after criticism in the media for child labor violations, allows Fair trade organizations to control up to 5 percent of its supply chain by unannounced inspections.⁴³

More than 70 percent of 1.2 billion people living on less than \$1 a day are women. They are main producers of food, craftwork and clothes in developing countries. They have

³⁹ Jacqueline De Carlo, *Fair Trade: A Beginner's Guide* (Oxford: Oneworld Publications, 2007), 54-57.

⁴⁰ International Labour Organization, "21 Million People are Now Victims of Forced Labour," http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_181961/lang--en/index.htm (accessed December 5, 2012)

⁴¹ Fairtrade Africa, "Benefits of Fairtrade for Producers," <http://www.fairtradeafrica.net/about-fairtrade/benefits-of-fairtrade-for-producers/> (accessed November 16, 2012)

⁴² World Fair Trade Organization and Fairtrade Labelling Organizations International, *A Charter of Fair Trade Principles* (2009), 9. http://www.fairtrade-advocacy.org/images/stories/FTAO_charters_3rd_version_EN_v1.2.pdf (accessed December 2, 2012)

⁴³ Shima Baradaran and Stephanie Barclay, "Fair Trade and Child Labor," *Columbia Human Rights Law Review* 43 (Fall 2011): 41-42, <http://web.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=9&hid=123&sid=e6729129-1f0b-4f07-96f6-f3c8381a303e%40sessionmgr111> (accessed October 20, 2012).

worse jobs and earn less money than men. They get two-thirds of a man's wage when they do the same job. To get rid of this discrimination, it is crucial to empower women. Fair trade reward their work fairly and offers them the same opportunities as men, seek leadership roles and develop their skills. It also wants women to participate in and be part of joint bodies.⁴⁴ Because of persisting patriarchal ideologies, women usually stay home and make products while men do not have to take care of households and are likely to keep income for themselves. Fair trade is usually the only source of income for women and their children to make themselves free. It enables them to leave abusive husbands, preserve their culture and educate them and their children.⁴⁵

Workers also have the right to become a part of trade union. Workers join trade unions because they want to improve working conditions. This freedom of association is beneficial for them because more people have more power naturally. By creating a union, workers have better chances to negotiate with the management on working hours, workplace safety, salary, etc.⁴⁶ Trading terms are transparent and fair, which means that producers and workers have written contracts. These contracts cover reciprocally agreed price, payment conditions, including prepayment, no excessive working hours, seasonal factors and health and safety conditions.⁴⁷

1.6.4 Empowerment

Empowerment of producers and workers is probably the most important impact of Fair trade. It facilitates workers and farmers to lift themselves out of poverty. They may be a part of a joint body and make decisions about the best spending of a social premium. Cooperatives have more control over their business, they can afford to skip middlemen and sell their goods directly to buyer. They make their own decisions, create their own plans, negotiate credit, improve quality control, train themselves in farming techniques and build

⁴⁴ Miles Litvinoff and John Madeley, *50 Reasons to Buy Fair Trade* (London: Pluto Press, 2007), 33-34.

⁴⁵ Julie Rice Steinkopf, "Free Trade, Fair Trade and Gender Inequality in Less Developed Countries," *Sustainable Development* 18 (2010): 47-48, http://web.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=8&hid=123&sid=e6729129_1f0b-4f07-96f6-f3c8381a303e%40sessionmgr111 (accessed November 2, 2012).

⁴⁶ Jilly Hunt, *Fair Trade: Hot Topics* (Chicago: Heinemann library, 2012), 40-41.

⁴⁷ World Fair Trade Organization and Fairtrade Labelling Organizations International, *A Charter of Fair Trade Principles* (2009), 9, http://www.fairtrade-advocacy.org/images/stories/FTAO_charters_3rd_version_EN_v1.2.pdf (accessed November 4, 2012)

relations with foreign importers.⁴⁸ Individual producers are normally not able to do their business in a foreign country because they do not produce necessary quantity of goods. With cooperatives, it is easier for them to access better paying overseas markets.⁴⁹

1.6.5 Environment

Are Fairtrade bananas organic? Well, they can but do not have to be. As mentioned above, Fair trade's priority is to help producers to get out of poverty, become independent and to have better working conditions. However, Fair trade has strict standards relating to safe management of waste, the banning of chemicals and pesticides, maintenance of water resources and soil fertility and especially no use of genetically modified food.⁵⁰

Up to twenty thousand people a year are poisoned by pesticides which can lead to Alzheimer's disease and 99 percent of poisoning cases occur in developing countries thus producers are in danger because of using of pesticides and other chemicals that have deadly impact on their health. Around twenty-five million agricultural workers are poisoned each year. Chemicals are used to fight crops on bananas, cocoa, potatoes, oranges and other types of fruit although the most pesticides are sprayed on cotton. Also Fair trade producers use some chemicals, but they reduce their usage or use organic pest control.⁵¹

1.7 Certification

Thousands of different products from countless brands can be found in shops, stores and supermarkets. So how do we recognize Fairtrade bananas, cocoa, coffee, tea, rice, handicrafts, cosmetics and other Fairtrade products and goods from the ordinary ones? Fairtrade products, mostly Fairtrade food, can be mixed with other common food thus customer finds for example Fairtrade chocolate on the same shelf as the Milka chocolate. Some shops offer special shelves or even separated corners with Fairtrade products which makes them way easier for customer to find. Nevertheless, Fairtrade products can be recognized thanks to the FAIRTRADE Mark in both cases.

⁴⁸ Sushil Mohan, *Fair Trade without the Froth: A Dispassionate Economic Analysis of 'Fair Trade'* (London: The Institute of Economic Affairs, 2010), 50-51.

⁴⁹ John Bowes, ed., *The Fair Trade Revolution* (London: Pluto Press, 2011), 28.

⁵⁰ *Ibid.*, 34-35.

⁵¹ Miles Litvinoff and John Madeley, *50 Reasons to Buy Fair Trade* (London: Pluto Press, 2007), 91-92.

Fairtrade Labelling Organizations International (FLO) owns the international certification company FLO-CERT that is responsible for certification and inspection. FLO represents twenty-five organizations with headquarters in Bonn, Germany. The board includes five representatives from the Fairtrade Labelling Initiatives, four representatives from Fairtrade certified producer organizations, two representatives from Fairtrade certified traders and three external independent experts. It sets international Fair trade standards, supports Fair trade producers and develops Fairtrade Labelling model.⁵² Although FLO is so called head of world Fair trade, its members handle the administration in their countries. For example, *Fairtrade Foundation* is the United Kingdom labeler, *Fair Trade USA* (formerly TransFair USA) and *Fairtrade Canada* (formerly TransFair Canada) administer product label in the United States and Canada and in Australia and New Zealand certification is handled by the *Fair Trade Association of Australia and New Zealand*.⁵³

The FAIRTRADE Mark (hereinafter referred to as *the Mark*) is a registered certification label. This mark replaced the individual Fairtrade labels used in different countries in 2002. Nowadays, it is the most widely recognized ethical label in the world. To get the Mark, a product has to meet social, economic and environmental Fair trade standards which are also discussed in this thesis. Briefly, these standards stand for minimum price and social premiums, long-term contracts and relationships, no child labor and no discrimination, better working conditions, environmental friendly products and empowerment of producers.⁵⁴

To register product as a Fairtrade product, it is not enough for producer to be registered - all the supply chain must do so. A producer organization or an exporter can apply for the certification. FLO-CERT inspector will physically inspect the organization to control compliance of Fair trade standards, if the application is accepted. The final decision is made by the FLO-CERT Certification Committee on the grounds of inspector's report. Nonetheless, another stage can be a problem for some producer organizations, because they have to pay application fees, initial certification fees and later on also renewal certification fees. If cooperatives cannot afford to pay so much money for fees, they can apply to a

⁵² Fairtrade International, "How We're Run," http://www.fairtrade.net/how_we_are_run.html (accessed November 16, 2012)

⁵³ Jacqueline De Carlo, *Fair Trade: A Beginner's Guide* (Oxford: Oneworld Publications, 2007), 60.

Producer Certification Fund for a grant covering up to 75 percent of the certification fee. Moreover, their commercial partners, such as buyers and importers, or other partners can help them pay the certification fees.⁵⁵

The FAIRTRADE Mark certifies individual products. It is not reserved only for Fair trade organizations - even conventional companies can get it for a particular product that meets the required standards regardless of their other products. On the other hand, IFAT monitors and certifies organizations which produce or do trade with Fairtrade products. Status of Fair trade organization can get only those subjects who take into consideration all the Fair trade principles according to *IFAT Code of Practice*. The most common type of products is less usual food, e.g. chips, jams, liqueurs, cereals, and also cosmetics, or the products of smaller organizations, for whom the Mark would be too expensive. IFAT Code of Practice is similar to Fair trade standards. Additionally, it includes participation in public education about Fair trade and respect to producer's culture. Although Fair trade organization logo does not appear on the products themselves, registration of Fair trade organizations can be verified in the register on the IFAT website.⁵⁶

This part explained that Fairtrade products can be recognized through the FAIRTRADE Mark that is certified and controlled by a certification company FLO-CERT. Although up to 75 percent of the certification fee can be covered by the Producer Certification Fund, some cooperatives still cannot afford to certify their products with the Mark. Additionally, some companies do not use this Mark intentionally even though their products meet the Fair trade standards. Consequently, Fairtrade products that do not have the Mark may appear in stores. This issue is discussed with interviewees in the practical part.

⁵⁴ Jilly Hunt, *Fair Trade: Hot Topics* (Chicago: Heinemann library, 2012), 10.

⁵⁵ The Fairtrade Foundation, "Fairtrade Producer Certification and Auditing," http://www.fairtrade.org.uk/what_is_fairtrade/fairtrade_certification_and_the_fairtrade_mark/fairtrade_producer_certification.aspx (accessed October 22, 2012)

⁵⁶ Společnost pro Fair Trade a rozvojové vzdělání, *Informační manuál o Fair Trade* (2006), 18-19, <http://www.fairtrade.cz/files/texty/fairtrade/info-manual.pdf> (accessed November 1, 2012)

II. ANALYSIS

2 FAIR TRADE IN THE CZECH REPUBLIC

Although Fair trade idea first emerged over half a century ago it is quite a young issue in the Czech Republic. It is inspired by national initiatives, like for instance UK Fairtrade Foundation or Fair Trade USA, established in the early 1990s. Nevertheless, these initiatives reached the Czech Republic more than ten years later.

The Czech Fair Trade Association was established in 2004. It was a platform for meetings of non-profit organizations and companies trading Fairtrade products for a while and have had experience with it. Among other things, establishing a FLO national initiative in the Czech Republic, which means this initiative would handle the Czech administration of the product labeling was one of the goals as well. Considering low Fairtrade product sales and low income from Fairtrade certification in recent years, this aim has not been accomplished yet. In 2012, the Czech Fair Trade Association was renamed to Fairtrade Czech Republic.⁵⁷

However, this situation is getting better and Fairtrade product sales are growing year by year. In 2005, retail volume sales averaged 3 million CZK while in 2010 retail volume sales reached 80 million CZK. This is also 60 percent more than in 2009. Out of the total turnover, supermarkets (Kaufland, Marks&Spencer, Globus, DM Drogerie, Tesco, Interspar, Billa) and cafes (Mamacoffee, Starbuck's, etc.) earned 42 million CZK. The Fairtrade Czech Republic members reached a turnover of the remaining 38 million CZK. The most popular Fairtrade product in the Czech Republic is coffee with a share of 40 percent, followed by chocolate and cocoa with 17 percent and tea with its 12 percent as the third most often purchased product. However, there are still some differences between Fair trade in the Czech Republic and other countries. As described earlier, bananas are the strongest as far as sales go and are the crucial Fairtrade product in general. Contrarily, Fairtrade bananas in the Czech Republic are available to a small extent and represent 2 percent of all products. Moreover, there are no Fairtrade flowers available whatsoever and so it is obvious that import overwhelms the domestic production due to lack of domestic producers.

⁵⁷ Fairtrade Czech Republic, "Historie Fairtrade ČR," <http://www.fairtrade-asociace.cz/#!o-nas/historie> (accessed November 27, 2012)

2.1 Members of Fairtrade Czech Republic

Membership of Fairtrade Czech Republic is open to organizations and entities trading Fairtrade products as well as to those whose priority is not Fair trade and its support, but who sympathize with Fair trade and support it only partially. Fairtrade Czech Republic is an umbrella organization of ten organizations dealing with import and distribution of Fairtrade products in the Czech Republic and with public awareness of Fair trade. Seven out of ten are regular members and the last three are supporting members.⁵⁸ According to the fact that some of these organizations have both Czech and English names, the English ones are added in brackets. Otherwise, the Czech names are mentioned only.

2.1.1 Arcidiecézní charita Praha (Caritas of the Archdiocese of Prague)

Caritas of the Archdiocese of Prague is a church-based organization whose mission is to provide help for people in need when following Christian principles. It provides a wide range of social services, such as helping seniors, homeless people, people with a physical handicap, victims of domestic violence and human traffic, etc. It also focuses their humanitarian help on people in developing countries, especially in India, Uganda, Zambia, the Democratic Republic of Congo, Belarus and Thailand.⁵⁹

2.1.2 Ekumenická akademie Praha o.s. (The Ecumenical Academy Prague)

The Ecumenical Academy Prague is a non-governmental non-profit organization founded in 1995. It is concerned with education of adults and youth through lectures, study periods, seminars, conferences and through other forms, such as publishing and documentation. It focuses on the issue of culture, politics, church-society relationship, social justice, sustainable development and also on the issue of North-South relationship. The goal is to create a forum for an open discussion about these problems with both domestic as well as

⁵⁸ Fairtrade Czech Republic, “Členové Fairtrade ČR,” <http://www.fairtrade-asociace.cz/#!o-nas/clenove-fairtrade-cr> (accessed December 4, 2012)

⁵⁹ Caritas of the Archdiocese of Prague, “About Us,” Caritas Czech Republic, <http://praha.charita.cz/en/about-us/> (accessed December 4, 2012)

foreign organizations. Since 2004, The Ecumenical Academy Prague has been trading with Fairtrade goods.⁶⁰

2.1.3 Fairově s.r.o.

Fairově s.r.o. has supplied Fairtrade products to companies, organic shops, cafes and restaurants since 2006. Along with the Fair Trade Centrum s.r.o., the company has the widest range of Fairtrade food products in the Czech Republic. It offers for example coffee, tea, chocolate, wine, sugar, honey, nuts and chips, but also non-food products such as wallets, cosmetics or fashion accessories. It provides a full range including professionally packaged gift boxes and catering and focuses on cooperation with sheltered workshops.⁶¹

2.1.4 Fair Trade Centrum s.r.o.

Since 2006, Fair Trade Centrum has provided promotion and distribution of Fairtrade products, particularly in the retail network of the Czech Republic. It is the sole importer of a wide range of Fairtrade products from different countries, working closely with the Austrian company *Eine Welt Handel AG*. This is at the top in the category of wicker goods in Europe. After twenty-five years of its existence, Fair Trade Centrum works on forty-six different Fair trade projects in seventeen developing countries, where it has created over four thousand new dignified jobs. It also cooperates with Czech sheltered workshops. With their help, it delivers original gift boxes not only to the companies.⁶²

2.1.5 Jeden svět o.p.s.

Jeden svět is a non-governmental non-profit organization working on the base of voluntariness. It was established as a foundation in 1994 and has functioned as a public benefit organization since 2001. The aim of Jeden svět is to help the poor and disabled in the third world as well as in the Czech Republic so that they could help themselves. This help includes the craft products (jewellery, fabric, ceramic, cotton and wooden products,

⁶⁰ The Ecumenical Academy Prague, "O nás," <http://www.ekumakad.cz/cz/o-nas> (accessed December 4, 2012)

⁶¹ Fairtrade Czech Republic, "Členové Fairtrade ČR," <http://www.fairtrade-asociace.cz/#!o-nas/clenove-fairtrade-cr> (accessed December 4, 2012)

⁶² Ibid.

paper, metal) and food from developing countries sale and is put into practice in two shops in Prague. Jeden svět is one the founding members of Fairtrade Czech Republic.⁶³

2.1.6 Mamacoffee s.r.o.

Mamacoffee was established in 2008 becoming the first Czech entity that is actively involved in the import and processing of Fairtrade products. Its members periodically set out to meet coffee farmers at harvest time and support them by purchasing their Fairtrade coffee and by involvement in the development projects in that place. Company owns Fairtrade roasting room, shops and cafes in Prague. Moreover, it is supplier of restaurants, cafes and firms. Mamacoffee also organizes training and is founder as well as organizer of Prague Coffee Festival.⁶⁴

2.1.7 NaZemi

A non-governmental non-profit organization NaZemi promotes responsibility of companies, supports Fair trade and propagates global development education. It is respected partner of plenty of organizations from Europe, for example *Clean Clothes Campaign*, *European Coalition for Corporate Justice* and *Amnesty International*; but also from Indonesia, China, Vietnam and Cambodia. NaZemi coordinates nationwide happening Fair Breakfast including fifty-six cities in 2012 and is the leading organization of European educational project *The World in the Shopping Cart*.⁶⁵

2.1.8 Miko káva s.r.o. (Miko Coffee)

Miko Coffee offers among others Fairtrade coffee and tea *Puro*. Puro Coffee also contributes to the rescue of rainforests. Miko Coffee and organization *World Land Trust* buy land in uninhabited areas of Ecuador in order to preserve nature reserve and prevent it from logging and other devastating purposes. Miko Coffee also offers complex professional service including coffee machines, dishes and marketing support. At the same

⁶³ Jeden svět, "O nás," <http://www.jedensvet.org/o-nas/> (accessed December 4, 2012)

⁶⁴ Mamacoffee, "O nás," <http://www.mamacoffee.cz/o-nas/> (accessed December 4, 2012)

⁶⁵ NaZemi, "Naše úspěchy," <http://www.nazemi.cz/o-nas/nase-uspechy.html> (accessed December 4, 2012)

time, company imports to the Czech market Fairtrade products of leading Fairtrade organizations from Germany, Austria and Great Britain.⁶⁶

2.1.9 Centrum environmentálnej a etickej výchovy Živica o.s.

Živica strives inter alia for increase of environmental awareness, increase of citizen engagement and no consumerist lifestyle. The principle of educational program is an emphasis on experimental pedagogy and inspiration to intentional modesty. The part of this association is an ecological shop Živica with Fairtrade commodities and goods such as ecological food, natural cosmetics, ecological cleaners, products made from cannabis and flax or educational publications.⁶⁷

2.1.10 Nadácia Integra (The Integra Foundation)

The Integra Foundation is a non-governmental non-profit organization, which creates opportunities for a dignified life of disadvantaged people. Its goal is to improve the function of communities through the creation of opportunities for disadvantaged people and through the support of personal, economic, spiritual and social development. Thereby contributes to the poverty reduction and to justice for the poor. The Integra Foundation creates companies with high social and municipal impact and invests in education and practical preparation for an employment.⁶⁸

This chapter provided the information about ten organizations dealing with import and distribution of Fairtrade products in the Czech Republic. These entities supply Czech stores, shops and gastronomic facilities with Fairtrade products and the research of this thesis shows which of them supply the selected shops in the Zlín Region. Moreover, these organizations may supply Fairtrade towns that are the subject of the next part.

2.2 Fairtrade Towns

In addition to organizations, there are towns supporting Fair trade. These are called *Fairtrade Towns*. Nowadays, the Fairtrade Town status is held by more than 1,100 towns in twenty-three countries all over the world, for example by London, Dortmund, Brussels,

⁶⁶ Miko Coffee, "Puro, Fairtrade koncept sociálne zodpovedné kávy a čajů," <http://www.mikocoffee.com/puro-koncept.html> (accessed December 4, 2012)

⁶⁷ CEEV Živica, "O nás," <http://www.zivica.sk/sk/o-nas> (accessed December 4, 2012)

Rome, etc. Fairtrade Towns started in the United Kingdom and have gradually spread to Australia, Asia, Canada and the United States.⁶⁹ Decision to become a Fairtrade Town is always made by local people and organizations. To fulfill it, a community has to meet the five goals that are set and monitored at national levels and led by national members of FLO.⁷⁰ Since Fairtrade Towns are closely connected to the Zlin Region, this chapter describes these in the Zlin Region including other Czech Fairtrade towns and their five goals.

2.2.1 The Five Goals

To become a Fairtrade Town in the Czech Republic, a town has to have a regional steering group consisting of at least three members. One of these is an employee or a representative of a local government, which mediates contact with the city government. Members of this group can be representatives of the town, schools, churches, non-government non-profit organizations, citizens or local merchants. The group creates and updates list of places, where Fairtrade products are available. Furthermore, the group actively promotes the expansion of Fairtrade products, applies for Fairtrade Town status and sends annual report on its activities to Fairtrade Czech Republic.⁷¹

The second goal is the official support of Fair trade. Local government approves a document that declares a support of Fair trade and commits itself to Fairtrade products consumption. City informs about its Fairtrade status in its information materials, on the website and in other possible ways. The city website should include information on Fair trade and the steering group activities. It also ought to include list of places, where Fairtrade products are available.⁷²

Another purpose is of Fairtrade products availability. These are sold in local retail stores such as shops, supermarkets, petrol stations, newspaper stands, etc. Fairtrade products are also served in the local cafes, restaurants and clubs. To meet the criteria,

⁶⁸ Integra, "Poslanie," <http://www.integra.sk/sk/integra/poslanie> (accessed February 12, 2013)

⁶⁹ Fairtradová města, "Fairtradová města," NaZemi, http://www.fairtradovamesta.cz/ft_mesta (accessed November 29, 2012)

⁷⁰ Fairtrade Towns, "What is a Fairtrade Town?" <http://www.fairtradetowns.org/about/what-is-a-fairtrade-town/> (accessed December 10, 2012)

⁷¹ Fairtradová města, "Kritéria pro města," NaZemi, http://www.fairtradovamesta.cz/ft_mesta/kriteria (accessed December 10, 2012)

retailers have to have at least three types of Fairtrade goods from at least two different product groups on the menu. Public catering facilities have to offer at least one type of Fairtrade goods (the list of exceptions is announced by Fairtrade Association). Retail or catering place must have regular opening hours. The necessary number of retailers and public catering facilities is determined by the number of inhabitants in the *Quantification table of availability*. At the point of sale, information about sale or offer of Fairtrade goods should be clearly marked.⁷³

The last two goals are connected to local support and media. Local citizens and organizations - schools, non-governmental non-profit organizations, churches, libraries, etc. - support the idea of Fair trade by organizing educational events and purchasing of Fairtrade products. Places supporting Fair trade should be marked with stickers or posters. What is more, the local steering group makes efforts to publicizing Fair trade in the local media. The group in cooperation with the city organizes promotional action in support of Fair trade at least once a year. Cities can use the offer of talks from Fair trade organizations in the Czech Republic, to participate in the nationwide Fair breakfast happening or implement any of the exhibitions.⁷⁴

2.2.2 Czech Fairtrade Towns

In the Czech Republic, the Fairtrade Towns campaign started in January 2011. This initiative is coordinated by Fairtrade Czech Republic, by organization NaZemi and by the Ecumenical Academy Prague.⁷⁵ The Czech Ministry of the Environment took patronage over the project as it has supported the sustainable production and consumption for many years. On top of all that, not only institutions, but individuals, like for example Mgr. Zuzana Brzobohatá, Member of the European Parliament, or Jerzy Buzek, the President of the European Parliament, support this project as well.⁷⁶

⁷² Ibid.

⁷³ Ibid.

⁷⁴ Ibid.

⁷⁵ Fairtradová města, "Fairtradová města," NaZemi, http://www.fairtradovamesta.cz/ft_mesta (accessed December 10, 2012)

⁷⁶ Fairtradová města, "Podporují nás," NaZemi, http://www.fairtradovamesta.cz/podporuji_nas (accessed December 10, 2012)

On September 14, 2011, the first Czech Fairtrade Towns became Litoměřice and Vsetín. On May 2, 2012, Volyně became the third Fairtrade Town in the Czech Republic and on September 26, 2012, Český Krumlov became the fourth one. There are also other towns that applied for the status: Brno, Chrudim, Hlučín, Hodonín, Kroměříž, Mladá Boleslav, Tišnov and Třebíč. They meet certain conditions, but not all of them. In addition to Fairtrade Towns, also schools and churches can apply for the Fairtrade status. Nowadays, there are five Fairtrade schools in the Czech Republic and another five strives for the status.⁷⁷ There can be found one Fairtrade Town and one town applying for this status in the Zlín Region. These are examined in the following part.

2.2.3 Fairtrade Town Vsetín

Since Vsetín belongs to the Zlín Region and together with Litoměřice is the first Fairtrade Town in the Czech Republic, attention is paid to it in this part. It might serve as a good example for other towns in the Zlín Region to become also a Fairtrade Town.

Vsetín was a pioneer in the promotion of Fair trade and has been an inspiration for other local governments. The first conference on Fair trade was organized at city hall on January 17, 2011. The conference was all arranged and carried out by pupils of elementary school Rokytnice in cooperation with the organization NaZemi for the city council and its officials. The Mayor Táborská and Deputy Mayor took part in it too. According to Bohuslav Slováček, a Rokytnice elementary school teacher, they called the city to participate in the campaign during the conference. The response was positive thus the steering group consisting of five members was formed.⁷⁸

Vsetín signed *The Declaration of Fairtrade Support* as the first city in the Czech Republic. The Declaration was approved by the city council and Mayor Táborská was charged to represent the steering group. Furthermore, Vsetín has been using the Fairtrade products at events for several years and has been holding events to promote Fair trade on which cooperates with local organizations. From September 2011 to January 2012, an exhibition of pictures of Peru Fair trade cooperatives was held in the cafe *Pohoda*. In a city

⁷⁷ Fairtradová města, “Kde jsou fér,” NaZemi, http://www.fairtradovamesta.cz/kde_jsou_fer (accessed December 4, 2012)

⁷⁸ Fairtradová města, “Vsetín: Držitel statusu Fairtradové město,” NaZemi, <http://www.fairtradovamesta.cz/institute/vsetin~mesta~drzitele> (accessed December 12, 2012)

with less than twenty-eight thousand inhabitants the candidates should have at least six sales points and three dining options.⁷⁹

Vsetín also belongs to cities organizing Fair Breakfast. The idea of Fair Breakfast is to show ordinary retailers, that people are interested in purchasing of Fairtrade products. Thousands of people meet to have breakfast containing Fairtrade and local products. This occasion is held on the *World Fairtrade Day*, which is on second Saturday in May. In 2011, almost 2,500 people in forty-one Czech towns and municipalities celebrated this day and had Fair Breakfast in parks, zoos, outside libraries, in the squares etc. In the Zlín Region, the Fair Breakfast is held beside Vsetín also in Kroměříž, Uherské Hradiště, Uherský Brod, Valašské Klobouky and Zlín.⁸⁰

2.2.4 Applicant Kroměříž

As mentioned earlier, the town of Kroměříž applied for the status of Fairtrade Town too. A local comprehensive school participated in the celebrations of a World Fairtrade Day by organization of happening Fair Breakfast in May 2011. Local council agreed with the adoption of the Declaration and the establishment of a steering group. Additionally, the council approved the purchase of Fairtrade products in the amount of 10,000CZK a year.⁸¹

On January 2012, a meeting to Fair trade was organized in the premises of the Library of Kroměříž. At the same time, a one-month exhibition called *Thanks to Fair trade* was launched. The meeting itself was a great possibility to discuss Fair trade system and specific benefits for the people of Haiti and Peru. Furthermore, it was also possible to taste Fairtrade products offered by local retailers from *LaCaffě* or from a healthy food store *Havlíková*.⁸²

The reason why Kroměříž has not been approved as a Fairtrade town yet is that it meets only four of five criteria at present. It has a steering group, official support of a local council, support of local organizations and cooperation with the public. What is missing is

⁷⁹ Ibid.

⁸⁰ Férová snídaně ve vašem městě, "Koncept snídaně," NaZemi, <http://www.ferovasnidane.cz/pro-media> (accessed December 12, 2012)

⁸¹ Fairtradová města, "Kroměříž: Žadatel statusu Fairtradové město," NaZemi, <http://www.fairtradovamesta.cz/instituce/kromeriz~mesta~zadatele> (accessed February 14, 2013)

⁸² Ibid.

the requirement to have six points of sale offering at least three products of two types - for example two types of coffee and one type of chocolate - and three gastronomic facilities.⁸³

2.3 Places offering Fairtrade products

Although Vsetín is the only Fairtrade Town in the Zlin Region, it is not the only town where customers can buy Fairtrade products. Shops, restaurants, cafes and other organizations offering Fairtrade products can also be found in other parts of the Zlin Region, especially in Zlín and Kroměříž as it is an applicant for the Fairtrade Town status. This chapter is devoted to all of these organizations selling Fairtrade products in the Zlin Region. For better clarity, the organizations are divided into two groups. The first group contains supermarkets, retailers or non-profit organizations dealing with Fairtrade products and the second group is represented mostly by gastronomic facilities such as restaurants or cafes.

2.3.1 Shops

This category can be divided into two subcategories: supermarkets and retailers. Although supermarkets play a very important role in the process of selling Fairtrade products and lots of people are able to recognize Fairtrade products thanks to them, attention is rather paid to smaller shops. The reason is that supermarkets are pretty much the same in most Czech towns and usually do not differ that much. On the other hand, retailers in the Zlin Region are unique and differ in many aspects, for example in size, number of employees, scale of Fairtrade and conventional products, etc. Three of these retailers are the subject of a case study - the other ones are introduced in this chapter.

For many years, traditional Fair trade shops and retail trades were the main sellers of Fairtrade products in the Czech Republic. Nonetheless, the situation changed and supermarkets and hypermarkets in 2011 represented 25 percent of all selling places of Fairtrade products.⁸⁴ In the Zlin Region, supermarkets Kaufland, Makro, Terno, Tesco and

⁸³ Ibid.

⁸⁴ Fairtrade Czech Republic, "Obrázky a grafy: Struktura prodejních míst," <http://www.fairtrade-asociace.cz/#!pro-media/obrazky-a-grafy> (accessed February 6, 2013)

DM Drogerie offer Fairtrade products.⁸⁵ For example, the supermarket chain Kaufland included in the offer more than twenty products with Fairtrade certification in 2010.⁸⁶

As mentioned before, small shops selling Fairtrade products were at the top of all institutions offering these products a few years ago. In 2008, around 50 percent of Fairtrade products were sold in healthy food shops and organic food shops and 20 percent was sold in specialized Fair trade shops.⁸⁷ Nevertheless, the situation dramatically changed in 2009 due to growing power of supermarkets. That year, healthy food shops and organic food shops represented 28 percent and specialized shops accounted for 10 percent.⁸⁸ Moreover, in 2010, healthy and organic food shops accounted only for 15 percent and specialized shops constituted only for 7 percent of all the places selling Fairtrade products. However, their importance has not changed. These shops provide customers with qualified information and offer Fairtrade handicraft products which cannot be found in supermarkets.⁸⁹

There are over ten shops and other organizations dealing Fairtrade products in the Zlin Region. These include *Bharat*, a shop with organic goods in Střilky; an e-shop *LaCaffé* with an accessible showroom in Kroměříž; educational and informational resort *Centrum Veronica* in Hostětín; a civic association for the environmental education and raising of public awareness in the Zlin Region *Liska*; a shop *Oba Světy* in Valašské Meziříčí operated by a civic association *Ambos Mundos*; a non-profit organization *Ekocentrum Čtyřlístek* in Zlín; an organization *Dobrá vůle (Good Will)* in Zlín and a shop *U Vrajů* in Vsetín.⁹⁰ Other three shops offering Fairtrade products are introduced in the research. Nonetheless, Fairtrade products can also be found in certain restaurants and cafes. Another chapter is dedicated to these institutions in the Zlin Region.

⁸⁵ Fairtrade.cz, "Prodejní místa," NaZemi, <http://www.fairtrade.cz/49-prodejni-mista/> (accessed January 22, 2013)

⁸⁶ Czech Fair Trade Association, *Annual Report 2010* (Czech Fair Trade Association, 2010), 5, http://www.fairtrade-asociace.cz/soubory/2010_vz.2835.pdf (accessed December 2, 2012)

⁸⁷ Czech Fair Trade Association, *Annual Report 2008* (Czech Fair Trade Association, 2010), 17, http://www.fairtrade-asociace.cz/soubory/2008_vz.0e7c.pdf (accessed December 3, 2012)

⁸⁸ Czech Fair Trade Association, *Annual Report 2009* (Czech Fair Trade Association, 2010), 8-9, http://www.fairtrade-asociace.cz/soubory/2009_vz.ac7f.pdf (accessed December 3, 2012)

⁸⁹ Czech Fair Trade Association, *Annual Report 2010* (Czech Fair Trade Association, 2010), 5, http://www.fairtrade-asociace.cz/soubory/2010_vz.2835.pdf (accessed December 2, 2012)

⁹⁰ Fairtrade.cz, "Prodejní místa," NaZemi, <http://www.fairtrade.cz/49-prodejni-mista/?districtFilter=5&page=2> (accessed February 10, 2013)

2.3.2 Restaurants and Cafes

Gastronomic facilities make a contribution to distribution of Fairtrade products more and more every year. In 2008, restaurants and cafes accounted for only 2 percent of all the places selling Fairtrade products. They were humbled by independent food stores with 3 percent, online stores with 10 percent, chain stores with 15 percent and specialized stores with 20 percent. That year, the most successful were organic food stores with 50 percent.⁹¹ Nevertheless, their position improved a year later when they reached 8 percent.⁹² The turning point came in 2010 when Starbuck's started to sell all espresso type coffee with the FAIRTRADE Mark. However, other companies such as Mamacoffee, Ben&Jerry's or Tchibo contributed to the availability of Fairtrade products, too.⁹³ Finally, in 2011, gastronomic facilities found themselves at the top with 45 percent and became the main distributor of Fairtrade products in the Czech Republic.⁹⁴

In comparison with shops, there are slightly less gastronomic facilities offering Fairtrade products in the Zlin Region. These involve *Café Bistro Matiné* in Kroměříž; *Kuku bar* in Vsetín; a restaurant *Radniční sklípek* situated in Kroměříž; a community centre *Rodinné a mateřské centrum Vsetín*; a cafe *Vít Jurčík* in Zlin; *Caffé Pohoda* in Vsetín; a teahouse in Rožnov pod Radhoštěm and a vegetarian restaurant in Holešov.⁹⁵

The information about more than fifteen shops, cafes, restaurants and other organizations offering Fairtrade products in the Zlin Region was provided by this chapter. Another part is dedicated to the research itself including methodology as well as interviews with owners and managers of particular shops dealing Fairtrade products in the Zlin Region.

⁹¹ Czech Fair Trade Association, *Annual Report 2008* (Czech Fair Trade Association, 2010), 17, http://www.fairtrade-asociace.cz/soubory/2008_vz.0e7c.pdf (accessed December 3, 2012)

⁹² Czech Fair Trade Association, *Annual Report 2009* (Czech Fair Trade Association, 2010), 9, http://www.fairtrade-asociace.cz/soubory/2009_vz.ac7f.pdf (accessed December 3, 2012)

⁹³ Czech Fair Trade Association, *Annual Report 2010* (Czech Fair Trade Association, 2010), 5, http://www.fairtrade-asociace.cz/soubory/2010_vz.2835.pdf (accessed December 2, 2012)

⁹⁴ Fairtrade Czech Republic, "Obrázky a grafy: Struktura prodejních míst," <http://www.fairtrade-asociace.cz/#!pro-media/obrazky-a-grafy> (accessed February 6, 2013)

⁹⁵ Fairtrade.cz, "Prodejní místa," NaZemi, <http://www.fairtrade.cz/49-prodejni-mista/?districtFilter=5&page=2> (accessed February 10, 2013)

3 RESEARCH

In this bachelor thesis, a methodology in a form of a multiple case study was chosen. The following part explains what a case study is, what a multiple case study means, what other types of a case study can be recognized and what ways of collecting data and evidence are used for the research.

3.1 Methodology: A Case Study

There are several definitions and interpretations of what a case is. However, Robert Stake's and Robert Yin's approaches are probably the key ones in guide case study methodology. Although they use different methods, they both focus on deep exploration of the topic of interest and on the revelation of the phenomenon's essence. Moreover, their approaches to a case study are based on a constructivist paradigm, which says that truth depends on person's perspective and is relative.⁹⁶ Yin describes a case study as

an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. [...] The case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result benefits from the prior development of theoretical propositions to guide data collection and analysis.⁹⁷

This means that phenomenon and context can be hard to distinguish in real life conditions and thus investigators usually use the case study method if they want to cover relevant contextual conditions of a particular case. All methods, such as the logic of design, data collection and data analysis strategies are covered by the case study as it is a comprehensive research strategy.⁹⁸

A case does not have to be only people but it may also be groups, things, events, countries, institutions or anything else. This case is studied in detail as a whole. The purpose of analyzing a case study is not to generalize, but to focus on it in detail. Although it is possible to generalize from a case study, it is more important to find out *how*

⁹⁶ Pamela Baxter and Susan Jack, "Qualitative Case Study Methodology: Study Design and Implementation for Novice Researchers," *The Qualitative Report* 13, no.4 (2008): 544-59, <http://www.nova.edu/ssss/QR/QR13-4/baxter.pdf> (accessed January 21, 2013)

⁹⁷ Robert K. Yin, *Case Study Research: Design and Methods*, 3rd ed. (Sage Publications: New York, 2003), 13-14.

⁹⁸ Ibid.

something works or behave and *why* it does so.⁹⁹ Contrarily to experiments or histories, case studies are used to describe contemporary situation over which the investigator has no control. In addition, it employs sources of evidence such as direct observation and interviews.¹⁰⁰

3.1.1 Types of a Case Study

Although a multiple case study is used in this research, there are several types of case studies that can be distinguished and used by researchers. According to Stake, there are three types of case studies: *intrinsic*, *instrumental* and *collective*.¹⁰¹ On the other hand, Yin distinguishes *explanatory*, *exploratory*, *descriptive* and *multiple* case studies. Stake's *collective* and Yin's *multiple* case studies are basically the same. They are used to explore differences within and between the cases. It is important to choose cases carefully to predict similar or contrasting results across cases. Moreover, choosing cases in a case study method is intentional while cases in a statistical survey are chosen randomly.¹⁰²

A multiple case study consisting of three cases was chosen for this paper. These cases are represented by the stores offering conventional or healthy food products as well as Fairtrade products. Since these shops have a similar range of products, it is easier and more possible to compare them with each other. Each shop is located in a different town to avoid paying attention only to one part of Zlin region. First of them, a *Healthy Food Store Havlíková*, is located in Kroměříž. The second one called *Poetická Kafeterie* is situated in a Fairtrade Town Vsetín and the last one *Biomarket U zeleného stromu* is situated in Zlin.

3.1.2 Interviews

According to Yin, there are six most commonly used sources of evidence in doing case studies: documentation, archival records, interviews, direct observations, participant-observation and physical artifacts. Each of these methods has pros and cons and thus it is

⁹⁹ Gary Thomas, *How to Do Your Case Study: A Guide for Students and Researchers* (Sage Publications: London, 2011), 3-4.

¹⁰⁰ Robert K. Yin, *Case Study Research: Design and Methods*, 3rd ed. (Sage Publications: New York, 2003), 7-8.

¹⁰¹ Pamela Baxter and Susan Jack, "Qualitative Case Study Methodology: Study Design and Implementation for Novice Researchers," *The Qualitative Report* 13, no.4 (2008): 547-50, <http://www.nova.edu/ssss/QR/QR13-4/baxter.pdf> (accessed January 21, 2013)

¹⁰² Ibid.

not possible to say which of them is best to use.¹⁰³ This research is based on interviews and their comparison.

As mentioned earlier, interview is one of the most important sources of a case study research. It is a kind of guided conversation. The questions asked are likely to be fluid rather than rigid. During the interview process, interviewers have to follow their own line of questions and to ask these questions in an unbiased manner.¹⁰⁴

According to Malowe, interviews can generally be conducted in three ways: structured, semi-structured and unstructured.¹⁰⁵ This bachelor thesis uses semi-structured interviews. These are less flexible than the unstructured ones. An interviewer has prepared questions, but they can be asked in any order. During the interview, other questions can be added according to the situation and the information flow. Moreover, some questions may be open-ended and may raise additional questions. The problem is that it may be harder to compare the responses since the questions may not be asked in the same way.¹⁰⁶

The list of questions for interviews (P I) is in appendices. Each of the three respondents will be asked these questions. However, their responses can be open-ended and may raise other questions. These additional questions may be answered by interviewees and then the interview will continue with questions prepared before. Each interview is described individually and then responses are compared to each other and to issues from a theoretical part.

3.2 Retail Healthy Food Store Havlíková

Retail Healthy Food Store Havlíková has been located in the centre of Kroměříž for ten years. Mrs. Zdeňka Havlíková, owner of this shop was interviewed. According to her, the shop specializes in a healthy food and consultancy on healthy eating because ten years ago when they started there was nothing like this in Kroměříž. Their range of healthy food products includes different types of flour, purees, legumes, cereals, brown sugar, salt, oils, muesli and cereal bars; different types of wholemeal pastry, especially sourdough bread;

¹⁰³ Robert K. Yin, *Case Study Research: Design and Methods*, 3rd ed. (Sage Publications: New York, 2003), 85.

¹⁰⁴ *Ibid.*, 90.

¹⁰⁵ James R. Dudley, *Research Methods for Social Work: Being Producers and Consumers of Research*, 2nd ed. (Allyn & Bacon: Boston), 153-55.

refrigerated products such as tofu, salads, paste, yoghurt, cheese, vegetarian salami, milk, lactose-free products, goat products; exotic spice; grain and instant and coffee and coffee beans; different types of tea; ecological drugstore and cosmetic products, and gluten-free products. Moreover, the store offers organic products for detoxication, propolis emulsion, green products such as young barley, chlorella or spirulina, ayurvedic tea and coffee and 100 percent aloe juices. However, the scale of products is constantly growing and includes also Fairtrade products. Mrs. Havlíková adds that their store cooperates with experts from the field and organizes for example gemmotherapy with Mgr. Podhorná or herbal consulting in advisory bureau of R. Wojnar.

Five years ago, a supplier of Fairtrade products came to Mrs. Havlíková's shop and familiarized her with his range of Fairtrade products. That was for the first time Mrs. Havlíková ever heard about Fair trade. She took a great deal of interest in these products, especially for the quality. She explains that in comparison with conventional products, Fairtrade products are of higher quality and also organic which is important for her since she herself prefers natural products. Another thing Mrs. Havlíková appreciates about Fair trade is helping people in developing countries. She has a good feeling that she may help someone who really needs it. According to her, it is the smallest thing we can do for people in need these days. These are the reasons why she decided to include Fairtrade products in the offer. The first of them were chocolates and other products were added as time went on.

However, a problem with customers appeared at the beginning. Although there were few people who were happy that shop included Fairtrade products in its range, most of them have never heard about Fair trade and thus they did not believe it. In general, they did not believe that something like this might work and that it is not only a marketing strategy. The biggest problem Mrs. Havlíková sees in the public education about Fair trade. Five years ago, nobody was talking about Fair trade. It was quite new in the Czech Republic and people had no idea about it. Nowadays, the situation is much more favorable. It is possible to find lots of information on the Internet, there are also exhibitions and meetings, and people are more aware about Fair trade. Additionally, Mrs. Havlíková sees another advantage in Fairtrade Towns and in participation of a city council. Kroměříž organized

¹⁰⁶ Ibid.

one of these meetings in January and her shop took part in it. If something like this existed when they started with Fairtrade products, people would probably not have been so suspicious of Fair trade. Despite that, Mrs. Havlíková had no hard time arranging for Fairtrade products. Everything was the same as with arranging for conventional products and she did not have to invest any extra money in Fairtrade products. Additionally, margin from the sale of Fairtrade products was the same as margin from the sale of ordinary products.

The shop's sole provider of Fairtrade products is Fair Trade Centrum, s.r.o. Although Mrs. Havlíková had the opportunity to try other suppliers, she chose to stay with just one of them. Their first supplier who told them about Fair trade was Fair Trade Centrum and they have stayed with it. Some others also came up with the offer of Fairtrade products, but Mrs. Havlíková does not remember their names. They were not bad but their range of Fairtrade products was almost the same as Fair Trade Centrum's range of products and thus the shop had no reason to change a supplier as they were satisfied with the products and the provider they already had.

It is hard to say if the shop prefers Fairtrade products to conventional ones. As Mrs. Havlíková points out, because the shop specializes in healthy food, it is difficult to compare Fairtrade products with this healthy food they offer. Fairtrade products are only a complement to their healthy food. Therefore they cannot prefer it as the subject of their primary interest. On the other hand, Mrs. Havlíková would prefer Fairtrade products if her shop offered also other types of food. Since they have only Fairtrade chocolates and do not offer other brands of chocolate and confectionery, it is hard to compare. But if they offered also other types and brands, she would definitely prefer the Fairtrade ones.

As to the range of Fairtrade products, the shop offers Fairtrade food such as confectionery, tea, coffee, cocoa beans and cacao. Contrarily, their supplier also offers handicraft products, but Mrs. Havlíková decided not to include them in the offer, because although she likes the idea of Fair trade her shop still sells diet and not with handicraft products like bags or something else. What is more, Fairtrade products are located on their own shelf and therefore it is easier for a customer to find them. Once they have Fairtrade products in the offer, they want customers to see these products at first sight.

According to Mrs. Havlíková, the FAIRTRADE Mark is not important in the decision-making process. In the shop, they have only products with these Mark. It is not that they

want to sell products with this certification only, but their supplier offered them no products without it. However, she would include products without this certification if there was a possibility to do so. If someone offered her products that are Fairtrade but do not carry the FAIRTRADE Mark and she believed this person, she would agree to sell them in the shop. Mrs. Havlíková is quite aware of the meaning of the FAIRTRADE Mark but also believes that Fairtrade products without this Mark declare the same values. According to her, Fair trade claims no exploitation of labor force and no child labor. It also claims that workers get paid for their job, they get at least some minimum and also that the environment is protected.

As mentioned earlier, people did not believe Fairtrade products when the shop included them in the offer. However, as time went by, people get used to it and they are buying Fairtrade products nowadays. The biggest group of customers buying Fairtrade products is represented by young people. They come and ask about Fairtrade products they have usually seen on the Internet. Nonetheless, the young generation is not the only group of customers searching for Fairtrade products. Lots of people buy Fairtrade products because of their package. For example, the shop offers gift packages of Fairtrade chocolate and people buy it because it is original, a high quality product and it looks good. Although the price of Fairtrade products is usually higher than the price of conventional products, customers do not have a problem with it. Mrs. Havlíková was afraid that the price will be a problem but as it turned out people searching for a good quality do not mind a higher price.

The most popular Fairtrade product among customers is chocolate. The shop has the largest selection of chocolates – small chocolates, gift packages, chocolates to drink, dark and milk chocolates in different flavors. The reason why they have so large offer of chocolate but not for example of coffee is that there is a specialized shop with coffee and tea across the street. They do not want to compete with each other. Therefore they have only three types of coffee, just to have there something. The shop has rather different types of grain coffee which belongs to the category of healthy food and is not available in that shop across the street. However customers also sometimes buy the Fairtrade coffee and tea they offer.

To summarize all the information, the healthy food store Havlíková in Kroměříž has been offering Fairtrade products approximately for five years. Fair Trade Centrum s.r.o. provides this shop with Fairtrade chocolates, tea, coffee, cocoa powder and cacao. The

shop offers only Fairtrade products with the FAIRTRADE Mark but it would be willing to include Fairtrade products without this certification. The best selling Fairtrade products among mainly young customers is chocolate and confectionery and the price is not a problem for them.

3.3 Poetická Kafeterie

Another shop called Poetická Kafeterie is situated in Vsetín. This shop was established by Mr. Sevelda in 2011 – the same year Vsetín became a Fairtrade Town. According to Mr. Sevelda, their range of products is constantly increasing although it has not changed much since the beginning. They focus especially on coffee and tea and complements to these products such as cups, jugs or grinders. More than twenty kinds of roasted and unroasted coffee is the proof of his words. Additionally, the shop started to roast coffee to order in October and it is also possible to grind desired quantity of purchased coffee. Although coffee and tea is the centre of shop's interest, these are not the only products in the offer. They also sell other products such as chocolate, cacao, jelly, spice, dried fruit or brown sugar. Novelty in their offer is salty *Brynza* pastry and gingerbread from the bakery Valašské frgály s.r.o. in Velké Karlovice as well as fruit and vegetable chips. Apart from food products, the shop also sells some cosmetics, for example honey lip balm with UVA protection and vitamin E. What is more, these and some other products are available not only in the brick-and-mortar store but also in their online shop.

Mr. Sevelda learned about Fair trade from the Internet. As soon as he read the information about Fair trade, he started to search whether there are any restrictions when selling Fairtrade products. He was very enthusiastic about the idea of Fair trade and wanted to know more about it. He started to collect information and found out that there is no problem when selling Fairtrade products. Another impulse to start business with Fairtrade products were people in the town. At the beginning, some customers asked whether they have Fairtrade coffee. They knew this Fairtrade product and were used to buy it in one shop in Zlín. Therefore they were curious if they offer it too. Moreover, the town also helped Mr. Sevelda to do trade with Fairtrade products. As mentioned earlier, the shop was established the same year Vsetín strived for the status of Fairtrade Town. The city council was searching for places offering these products and supported shops starting with them. Therefore Fairtrade products have been in shop's offer from the very beginning. Mr.

Sevelda also appreciates that he had no problems with arranging for Fairtrade products. No special requirements or certifications were necessary and no extra money had to be spent. Moreover, margin from the sale of Fairtrade products is the same as margin from the sale of ordinary products.

Poetická Kafeterie has two providers of Fairtrade products: Fair Trade Centrum s.r.o. from Hodonín and Fairově from Prague. Both of them have been providing the shop with Fairtrade products from the beginning. They made an arrangement with Fair Trade Centrum immediately because it was close to them. However, Fairově also came up with interesting offer and they started to cooperate too. There are several reasons why they decided for these two suppliers. First of them is a good communication and responsiveness. They have never had a problem with them and both of them were always willing to accommodate. Additionally, they have the widest range of Fairtrade products. When the shop started, only a few companies were dealing Fairtrade products and most of them were focusing on something particular. Fair Trade Centrum and Fairově had the widest assortment of goods which was comfortable for them as they could buy more than one kind of product from them.

Mr. Sevelda prefers Fairtrade products to conventional products in his shop as well as in his personal life, though it depends on the type of product. When talking about coffee, he would definitely prefer Fairtrade coffee to normal coffee at any time and in any situation. Fairtrade coffee is the highest quality on the market and its taste cannot be compared to any other coffee brands. As far as he is concerned, coffee in restaurants is in general of poor quality and taste. If he had the option to order Fairtrade coffee in a cafe or restaurant, he would certainly go for it even if the price was higher. He agrees that sometimes we must pay something extra for quality. Quality is important not only for Mr. Sevelda, but also for his customers. They come to his shop and ask for Fairtrade coffee. More than 90 percent of coffee they offer is of Fairtrade quality. Customers want mild coffee as well as strong coffee. Lately, coffee beans have started to be popular. Lots of people bought grinders or coffee machines with grinder inside because they learned that freshly ground coffee is the best. Nevertheless, the shop also offers some brands of non-fairtrade coffee. This one is usually flavored coffee in big packages. Due to the fact that Fair trade offers only small packages of flavored coffee, they have to buy these big packages from different suppliers. But these are only a supplement to Fairtrade coffee.

As mentioned earlier, the shop offers and pays attention to Fairtrade coffee. Besides this product, Poetická Kafeterie also sells chocolate, confectionery, hot chocolate, tea, brown sugar and cacao. The last two mentioned products are popular more and more. Fairtrade cacao is one of the best selling products. It is very tasty and the price is also favorable. As well as with coffee, it is impossible to compare Fairtrade cacao to conventional cacao, they are on a different level according to Mr. Sevelda. Also Fairtrade brown sugar is on the rise. When people buy brown sugar, they usually prefer the Fairtrade one.

Although the shop offers Fairtrade tea without the FAIRTRADE Mark, this certification is important in Mr. Sevelda's decision-making process because his customers prefer products with this Mark. People buying Fairtrade products are searching for this Mark. For example, when people want to give a present made from Fairtrade products, they insist on the FAIRTRADE Mark and want it to be visible on all the products. It is a kind of declaration that these products are really Fairtrade. The Mark gives them the assurance about the quality of the goods. If the Mark is not on the product, people doubt about the authenticity of this product and are not sure if to buy it. According to Mr. Sevelda, this Mark declares that producers will get more money and it also declares no use of chemical fertilizers, pesticides and no child labor.

Customers of the shop can be divided into three groups as Mr. Sevelda says. The first group of customers is searching for Fairtrade products and repeatedly comes back to buy them. These people were aware of Fairtrade products before the shop started to sell them and they were the ones who asked for them at the beginning. The second group is represented by people who have heard about Fair trade but do not exactly know what the term means and how Fairtrade products differ from common products. These people are from different age groups, even seniors who heard about it from their children or grandchildren come to the shop and want more information about Fairtrade. After that, lots of them try Fairtrade products and start to buy them regularly. The very last group is represented by people who do not believe it. Some of them buy these products but they are very skeptical about it.

Taking into consideration that coffee is the main product to which the shop is oriented, it is no wonder that this is also the best selling product. However as mentioned earlier, people also like Fairtrade cacao, brown sugar and chocolate, especially dark chocolate with

high percentage of cocoa powder. Contrarily, Fairtrade tea is not a popular product. Mr. Sevelda explains that the price of Fairtrade tea is relatively high and people in this area are not used to buy such expensive tea. They have their favorite brands and do not want to change them.

To summarize it, the shop Poetická Kafeterie has been selling Fairtrade and other products since 2011. Although people asked for Fairtrade products and also the town supported the shop in selling Fairtrade products, owner of the shop himself was interested in Fair trade. The shop has two suppliers of Fairtrade products – Fair Trade Centrum s.r.o. from Hodonín and Fairově from Prague. Customers of different ages like Fairtrade coffee, chocolate, cacao and brown sugar the most and they prefer products certificated by the FAIRTRADE Mark.

3.4 Biomarket U Zeleného Stromu

Biomarket U zeleného stromu can be found at two addresses in Zlín. The first one is located at a department house PRIOR and the second one at Náměstí Míru. Mr. Jedek, owner of these shops was contacted by phone. He explained that he does not have an overview of range and popularity of Fairtrade products since orders and other things are made by shop managers. He added that the shop at the department house PRIOR was established in 1999 - ten years before the shop at Náměstí Míru and that it would be better to contact this shop manager. Since the shop at PRIOR was the original one, Mrs. Těšíková, the shop manager was interviewed.

As to the range of products, Biomarket offers very similar products as the healthy food store Havlíková in Kroměříž. It is possible to buy there pastry, different types of flour (such as maize meal, spelt, rice, buckwheat or millet), coffee, tea, dried fruit and vegetable, nuts, confectionery, pasta, rice, quinoa, couscous, hummus, bulgur, canned food (such as tomatoes, beans or chickpeas), cane sugar, maple and other syrups, juices, refrigerated products (such as spreads, lactose-free and soya products, substitutes for meat or goat products) and dietary supplements (such as chlorella, spirulina, young green barley or acai berry). Moreover, the shop has a large scale of gluten-free products with many types of pastry, cookies, pasta, instant pudding, cornflakes or muesli. Apart from food, Biomarket also offers natural cosmetics and detergents. Furthermore, majority of products is organic.

Biomarket has Fairtrade products in its offer for seven years. Mrs. Těšíková did not work in the shop when they started to sell Fairtrade products but according to her, a supplier of Fairtrade products came to owner of the shop and offered him these products. Additionally, there has already been one specialized Fairtrade shop in the department house PRIOR. His owner was in touch with owner of Biomarket and introduced him Fair trade. Mr. Jedek did not believe the idea of Fair trade and did not intend to implement Fairtrade products in the offer. Contrarily, customers and people around started to ask about and search for Fairtrade products and thus Mr. Jedek agreed to include them in the offer when the supplier of Fairtrade products came. When offering dietary supplements, sellers need certain certifications to prove that the product is original and harmless and they must have a permission to sell it. This is why he was surprised that no special documents or certifications are needed to do business with Fairtrade products. As well as with conventional products, he did not have to arrange anything special with Fairtrade products and sales margin was also the same.

The only Fairtrade provider of Biomarket is Fair Trade Centrum s.r.o. According to Mrs. Těšíková, Fair Trade Centrum s.r.o. was the supplier who came to Mr. Jedek seven years ago and offered him Fairtrade products. Because this company is one of the biggest distributors of Fairtrade products in the Czech Republic, has a wide range of products and a communication with them has never been a problem, the shop did not need to try other suppliers.

Fairtrade products form a minority in Biomarket and so the shop does not prefer Fairtrade products to other products it offers. As alleged by Mrs. Těšíková, almost all products are organic. In view of the fact that the shop focuses on these organic products and also on gluten-free products, Fairtrade products cannot be preferred. On the other hand, most of chocolates in this shop especially the dark ones with high percentage of cocoa liquor are Fairtrade. The reason is that Fairtrade chocolates are high-quality and lots of them are also organic.

Biomarket has a wide range of Fairtrade products. Besides chocolate, the shop also offers different types of coffee, cacao, unroasted cocoa beans, cocoa drink, tea, confectionery, wine, honey, jam, rice, cane sugar, dried fruit, nuts, coconut, spice, olive oil, syrups and juices. The largest part of Fairtrade products consists of coffee and chocolate, the rest of Fairtrade products is in minority, because these products are not as known

among people. What is more, Fairtrade products are not separated from other products in this shop - they do not have their own shelf. For example, Fairtrade chocolates can be found on the same shelf as other chocolates or tea is situated among other types of tea. Mrs. Těšíková explains that they have so wide range of Fairtrade products that it would be impossible to separate them from other products. Or maybe it would be possible but whole store would have to be rearranged because shelves are divided according to types of food and not according to brands. Furthermore, she adds that their customers are used to this placement of products and they know where to find Fairtrade products. If new customers come, they usually ask where to find Fairtrade or other products. In this case, Mrs. Těšíková or any other staff member is always willing to help and explain them everything.

Almost all Fairtrade products in Biomarket carry the FAIRTRADE Mark but some of them do not. The supplier of the shop, Fair Trade Centrum s.r.o., offers Biomarket Fairtrade products with this Mark as well as products without this Mark. The reason is that some companies use this Mark and some of them do not use it intentionally. However, all these products come from certified projects or from projects otherwise controlled. Thus transparency is guaranteed according to the principles of Fair trade. Considering the FAIRTRADE Mark and the idea of Fair trade, Mrs. Těšíková as well as the owner of Biomarket is very skeptical about this. As mentioned earlier, Mr. Jedek has always been skeptical about Fair trade and actually did not want to implement Fairtrade products in the offer.

Contrarily, Mrs. Těšíková could see the Fair trade potential at the beginning, but now she is not as positive. As she states, after watching some document about Fair trade, she does not believe that the initial idea when a producer or a worker should get a fair price is still the case. She believes that there are two main problems with Fair trade. First of all, there are too many importers and thus it is difficult to control them all. Secondly, the price of Fairtrade products is too high in comparison with common products. She thinks that high prices deny the idea of Fair trade as a whole. If the prices were lower, people would buy more of these products especially nowadays when everyone needs to save money. Though the prices of some products such as coffee, tea or chocolate are very similar to the prices of conventional products, the price of Fairtrade rice can be even triple the price of ordinary rice. For most Czech families, it is impossible to buy rice for such a high price.

Mrs. Těšíková also adds that the Fairtrade Premium is minimal and nobody knows how much money producers and workers really receive.

The biggest group of customers buying Fairtrade products in Biomarket is represented by students and young people. This young generation read about it on the Internet, learned about it in school or heard about it from friends. Mrs. Těšíková believes that young people pay more attention to a healthy lifestyle and to food they eat. On the other hand, she noticed that older generation has no idea about Fair trade. Rarely, older person comes to the shop and asks about Fairtrade products. Mrs. Těšíková thinks that the reason is also the high price of Fairtrade products. People look at the product and when they see the price they do not pay attention to it anymore. Again, if the prices were lower, people would buy more of these products. Additionally, people were more interested in Fair trade at the beginning. Since the crisis began, sales of Fairtrade products have decreased.

Traditionally, the best selling Fairtrade products are coffee, chocolate and cacao. Mrs. Těšíková supposes that these products are so popular because of their quality and durability. Also their price is comparable with the price of conventional products. Moreover, there is tough competition in these categories and lots of types and brands are available. This is why people usually choose the Fairtrade version of the product.

To summarize it, the owner of Biomarket U zeleného stromu did not want to implement Fairtrade products in the offer but demand for these products forced him to do so. The shop has a wide range of Fairtrade products although they are a minority in the offer. Most of their Fairtrade products carry the FAIRTRADE Mark and the most popular products among customers are coffee, chocolate and cacao.

3.5 Comparison of Interviews

As mentioned earlier, it is possible to compare individual cases as their range of products is very similar. Both healthy food store Havlíková and Biomarket U zeleného stromu focus on healthy as well as on organic food. Moreover, they offer special products such as gluten-free or lactose-free products for people suffering from these diseases. Although the shop Poetická Kafeterie pays attention especially to coffee, it also sells tea, chocolate, cacao, cane sugar and other products which can be found in other two shops too.

One of the first questions concentrated on the way sellers learned about Fair trade, why they decided to include Fairtrade products in the offer and how long these are in the offer.

One shop deals with Fairtrade products from the very beginning and other two started to do business with them a few years after the establishment. Retailers learned about Fair trade from different sources, for example from the Internet, from other retailers or from suppliers of Fairtrade products. They included Fairtrade products in the offer because they were interested in it and they identified themselves with the idea of Fair trade. Additionally, some customers and people around started to search for Fairtrade products. However, one of the retailers does not believe Fair trade and its principals and did not want to incorporate these products among other products. He started to sell Fairtrade products because customers have been asking for them and wanted to buy them. What is more, even sales margin from Fairtrade products is the same as sales margin from conventional or organic products and thus retailers do not lose money when selling Fairtrade products.

Another question concerned the challenges retailers had to face at the beginning. All of them agreed that they had no problems when they began to sell Fairtrade products. Since no certification and other documents are necessary, they did not have to arrange anything special with Fairtrade products in comparison to conventional products. However, there appeared a problem with some customers. All retailers experienced customers who do not believe Fair trade and are skeptical about it. Nevertheless, customers interested in and buying Fairtrade products are outnumbered.

Although there are seven regular and three supporting members in Fairtrade Czech Republic at present, just two of them provide Fairtrade products to these shops. One of the sellers is supplied by Fairově s.r.o. and by Fair Trade Centrum s.r.o. and other two retailers have sole supplier represented by Fair Trade Centrum s.r.o. This company cooperates with the sellers from the very beginning. As retailers point out, Fair Trade Centrum is not specialized in just one particular product but offers a wide range of Fairtrade products. This is advantageous for them because they do not have to order certain products from individual suppliers. Additionally, retailers appreciate responsiveness of the company and a good communication. None of the sellers intends to change supplier in the near future.

Retailers' opinions on Fairtrade products preference vary. In two cases, Fairtrade products form a minority. These shops sell Fairtrade products as a supplement to their common healthy and organic products and do not prefer the Fairtrade ones. However, all respondents agree that Fairtrade products are of high quality and especially Fairtrade coffee is one of the best on the market. Furthermore, one seller focusing on coffee prefers

Fairtrade products in his shop as well as in his personal life. More than 90 percent of products offered in his shop are Fairtrade. Concerning these responses, it is hard to say whether the retailers prefer Fairtrade products or not.

A range of Fairtrade products is very similar in these cases. All three shops offer Fairtrade coffee, tea, chocolate, cacao and cocoa beans and confectionery. There can also be found other Fairtrade products, for example cane sugar, rice, honey, olive oil, dried fruit or nuts in one of them. Although one of the most favorite Fairtrade products in the world are bananas, the situation in the Czech Republic is different and examined stores prove it. None of the shops offered Fairtrade bananas or any other fresh fruit. On the other hand, shops also show that coffee, chocolate and tea fall into the category of the top Fairtrade products in the Czech Republic. These products are included in the range of all shops and what is more, all retailers agreed that these three products are the best selling among customers.

Most of Fairtrade products in the stores are certified by the FAIRTRADE Mark. Thus this Mark is rather important in retailers' decision-making process. When buying Fairtrade products, customers are searching for the Mark and they prefer products with it. It is a kind of declaration for them that these products are really Fairtrade. Contrarily, one of the retailers would include Fairtrade products without the Mark if she knew these were really Fairtrade. Simultaneously, retailers have a good awareness of the meaning of the FAIRTRADE Mark and of the idea of Fair trade. They know that it declares no exploitation of producers and workers, no child labor and no use of fertilizers and pesticides. They also know that producers have to get paid at least some minimum for their work and that they should receive some extra money. In opposition to this, manager of one shop is skeptical about these values and do not believe in them anymore.

The biggest group of customers buying Fairtrade products is represented by students and young people. They are usually aware of Fair trade and do not need any other information about it. However, other generations of customers sometimes come and ask about Fair trade as they heard about it from their children. Some of them are skeptical about it but most of them at least check these products out. As mentioned earlier, coffee, chocolate and tea are the most favorite Fairtrade products among customers as their price is comparable to the price of conventional products and their quality is high. People are willing to spend some extra money for these high-quality products if necessary. Contrarily,

if other Fairtrade products such as rice were cheaper, people would probably buy them more.

As explained earlier, purpose of a case study is not to generalize but to show how something works and why it does so. Nonetheless, respondents agreed in key issues represented by tradition, range of Fairtrade products and the best selling Fairtrade products. On that account, it is possible to generalize these examined matters. Firstly, interviews showed that Fair trade is really young branch in the Czech Republic as all three cases started to deal with Fairtrade products after the year 2004. Secondly, the range of Fairtrade products was more or less the same in all three cases. Although one of the top Fairtrade products in the world is bananas, none of these shops offer them. Finally, the best selling Fairtrade products are coffee, chocolate and tea in these cases as well as throughout the Czech Republic. Additionally, Fair Trade Centrum s.r.o. proved to be the most frequent supplier. Moreover, no certification or other documents are necessary to start trading with Fairtrade products and sales margin from Fairtrade products is the same as sales margin from any other products offered in these shops. On the other hand, it is not possible to generalize issues concerning the importance of the FAIRTRADE Mark. Although customers of these shops prefer products carrying this Mark, opinions of respondents themselves about it differ.

CONCLUSION

The aim of this bachelor thesis was to explore how Fair trade works in the Zlin Region. The theoretical part provided information about what Fair trade is and how it works. Unlike free trade, Fair trade offers fair prices to producers and workers in developing countries in a form of Fair trade minimum price and social premium. Moreover, producers have guaranteed a steady income due to long-term contracts. Fair trade also declares the improvement of working conditions, empowering women and no child labor during the process. Concerning the banning of chemicals and pesticides and no use of genetically modified food, most of Fairtrade products are organic and do not harm the environment. To recognize these products, the FAIRTRADE Mark is used although some Fairtrade products do not have to be certified by it.

Furthermore, the practical part described how Fair trade works in the Czech Republic and in the Zlin Region. It talked about Fairtrade Czech Republic, which is an umbrella organization of ten companies dealing with import and distribution of Fairtrade products in the Czech Republic. As demonstrated by the interviews conducted with managers and owners of three shops offering Fairtrade products in the Zlin Region, only two companies from Fairtrade Czech Republic supply these shops with Fairtrade products. Most stores dealing Fairtrade products can be found in Fairtrade towns. Moreover, one out of four Czech Fairtrade towns is situated in the Zlin Region and another one has already applied for this status. However, Fairtrade products can be purchased in other parts of the Zlin Region, too. Apart from supermarkets and drugstores, there are approximately eleven shops and eight cafes and restaurants offering Fairtrade products in the Zlin Region.

Nonetheless, the research showed that there are still some gaps in the range of Fairtrade products. For example bananas, the second best selling Fairtrade product in the world, are not available in examined shops. Moreover, it also proved that the most popular Fairtrade products are represented by coffee, tea and chocolate and that customers prefer Fairtrade products certified by the FAIRTRADE Mark. Despite the fact that Fair trade is a young sector in the Czech Republic, number of places offering Fairtrade products will probably increase in the future. Since no special documents are necessary to start trading Fairtrade products and sales margin from Fairtrade products is the same as margin from conventional products, retailers should at least give Fair trade a try because they cannot lose anything.

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LIST OF ABBREVIATIONS

ATOs	Alternative Trading Organizations
CZK	Czech Crown, the official currency of the Czech Republic
EFTA	The European Fair Trade Association The third of these associations
e.g.	For example
etc.	Abbreviation of the Latin <i>et cetera</i> - and the rest, and others, and so forth
EU	The European Union
FLO	Fairtrade Labelling Organizations International
FTF	The Fair Trade Federation
GM	Genetically modified
IFAT	The International Fair Trade Association
Mgr.	The academic title of <i>Master</i> used in the Czech Republic
NEWS	The Network of European World Shops
NGOs	Non-governmental Organizations
s.r.o.	Czech abbreviation for a Limited company
UK	The United Kingdom
USA	The United States of America
WFTO	World Fair Trade Organization
WTO	World Trade Organization
€	Euro, the official currency of the eurozone
\$	Dollar, the official currency of The United States of America

APPENDICES

P I Questions for interviews.

APPENDIX P I: QUESTIONS FOR INTERVIEWS

1. Could you introduce your company? (When and why it was founded; what is the range of your products; what is your specialization)
2. How did you learn about Fairtrade products?
How long are Fairtrade products in your offer?
Why did you decided to include them in the offer?
3. Did you have to face any problems at the beginning? If so, please describe them.
4. What did you have to arrange (in comparison with conventional products) to start trading with Fairtrade products?
Does the sales margin from Fairtrade products differ from other products' margin?
5. Who is your supplier of Fairtrade products?
Is it any organization from the Fairtrade Czech Republic?
6. Do you buy and prefer Fairtrade products to conventional products?
7. What is your range of Fairtrade products?
8. What impact has the FAIRTRADE Mark on your decision-making process?
Do you offer any Fairtrade products without this labelling?
What do you think this labelling means?
9. What is your customers' reaction to Fairtrade products?
Did they want more information about Fairtrade products at the beginning?
Do you observe any impact of FAIRTRADE Mark on their decisions?
10. What Fairtrade products are the most popular? Could you explain why?