



## PRACTITIONER PAPER

Competitive  
e-tailing  
strategies

# Competitive e-tailing strategies for fair trade organizations

491

## Benchmarking against successful commercial organizations

Jaya Halepete and Jihye Park

*Department of Apparel, Educational Studies and Hospitality Management,  
Iowa State University, Ames, Iowa, USA*

### Abstract

**Purpose** – This study aims to provide competitive e-tailing strategies for fair trade organizations using a benchmarking approach.

**Design/methodology/approach** – A coding guide was developed to obtain information available on 28 fair trade web sites and 28 commercial web sites focusing on company information, product information, distribution channels, customer service, and web site structure/media service.

**Findings** – Results revealed several evidences that fair trade organizations presented limited information online, compared with commercial organizations.

**Research limitations/implications** – Fewer commercial retailers benchmarked in the study sold handicrafts, compared with fair trade organizations. Discrepancies in the proportion of products carried by each organization may result in limited generalization of the findings across product categories.

**Practical implications** – Through benchmarking against profit-making business leaders, fair trade organizations would be able to evaluate strengths and weaknesses for their current online business operations and explore opportunities and improvement in web site management.

**Originality/value** – This paper provides valuable managerial implications for fair trade organizations focusing on web site operations. Information availability and strategic web site management can attract customers to make purchases on fair trade web sites and, in turn, enable organizations to sustain and grow in the competitive marketplace.

**Keywords** Electronic commerce, Fair trade, Management strategy, Benchmarking

**Paper type** Research paper

Fair trade organizations (FTOs) are alternative trade businesses that engage in socially responsible practices in developing countries such as paying fair wages in the local context, providing healthy and safe working conditions, being environment-friendly, offering technical training and education for workers, and contributing to local and community development (International Federation for Alternative Trade, 2003). FTOs work directly with producers and artisans in developing countries and help them earn and maintain sustainable income from selling apparel, textiles, crafts, and grocery products. FTOs currently operate traditional retail channels, mail-order catalogs, and/or internet stores to market products (Fair Trade Federation, 2005).

The main business goal for FTOs is to provide a source of income for the manufacturers and artisans in the developing countries, unlike traditional commercial businesses whose main aim is to maximize organizational profits (Benjamin and



Freedman, 1989; Brown, 1993). According to the *Fair Trade Trends Report* (Fair Trade Federation, 2003), sales in the fair trade market place increased from \$183 million to \$251 million with 37 percent growth rate during 2002, whereas the conventional businesses experienced sales decline (Strohm, 2003). The press reported that consumers have been interested in socially responsible or ethical businesses and supportive for such businesses. Thus, messages in the advertisements and promotions that articulate how the organizations engage in socially responsible practices have been attractive to these socially responsible consumers (Embley, 1993; Greenfield, 1991; McCormick and Levinson, 1993).

With a growing awareness of fair trade and socially responsible businesses among consumers and industry professionals, there has been a strong need for FTOs to work toward understanding their customers, investigating customer interests, and satisfying customer expectations with a good quality of merchandise in order to develop and/or retain sufficient market demand and in turn, support producers and artisans in developing countries. According to Kim *et al.* (1999), customers who shopped from FTOs were likely to be socially responsible and seek unique styles with rich embellishment on apparel. Past research in FTOs also showed that those who purchased apparel products from FTOs perceived similar product and service quality as they did from conventional retailers (Abraham-Murali and Littrell, 1995; Dickson and Littrell, 1997). However, it is ambiguous whether FTOs have satisfied customers' diverse product and service needs. For this reason, some major FTOs such as Pueblo to People failed to sustain in the competitive market and finally went out of business in 1997 (Littrell and Dickson, 1999)

In the last few years, apparel specialty retailers have achieved greater success via the online channel. The main reason for the success of online retailing was because it provided the consumers with a safe and comfortable shopping atmosphere (Love, 2004). Thus, one way to provide better value and services for consumers who shop from FTOs may be an extension or integration of diverse selling channels. Integration of an online channel and traditional retail channels can provide numerous benefits to customers: time saving, comparison shopping, easy and convenient access to the store, etc. A recent research showed that about 54 percent of fair trade consumers made general product purchases online, which was considerably higher than 39 percent of US consumers on the national average (NTIA, 2004). In addition, over 72 percent of fair trade consumers used the internet for information search or communications, which also was higher than 66 percent of US consumers on the national average (Littrell *et al.*, 2004). An online retail channel and its integration with the existing retail channel may provide great strength for FTOs to compete with commercial retail businesses. Although the consumers of FTOs have a stronger tendency toward buying online (Littrell *et al.*, 2004), it was observed that most FTOs have recently begun operating their online selling channels, and suffer from a lack of knowledge in web management proficiency to compete with mainstream commercial online retailers. Hence, there is a scope for improvement in order for them to remain competitive in the market.

Several business leaders have achieved superior marketing performance levels through benchmarking. Benchmarking is a technique through which businesses constantly compare and measure their performances with outstanding performers. Benchmarking provides competitive advantages to businesses (Boone and Kurtz, 1999). Therefore, this study was designed to provide competitive e-tailing strategies for

FTOs using a benchmarking approach. The benchmarking will guide FTOs constantly to compare and measure their performance with outstanding performers, achieve the best business outcomes, and in turn, advantage producers and artisans in developing countries. Based on the literature (e.g. Park and Stoel, 2002), we integrated the following classification of information load on the web site that can influence customer shopping experiences and purchase decisions in the specific context of FTOs: company information, product information, distribution channels, customer service, and web site quality.

### Conceptual background

#### *Company information*

Building trust and loyalty has been one of the major e-tailing emphases (Lee, 2002; Liang and Lai, 2002; Liebermann and Stashevsky, 2002; McKnight *et al.*, 2002; Suh and Han, 2002). Several people are not willing to shop online due to a lack of trust in online businesses (Hoffman *et al.*, 1999). Consumers often feel more comfortable with buying from the web sites that are well-known and sell familiar brand names (Brand, 2001). Park and Stoel (2005) found that company or brand familiarity affected online purchase decisions. Those who browsed well-known web sites perceived less risk of purchasing products and exhibited greater purchase intentions on the web site, as compared to those who browsed unfamiliar web sites. One way to build a reputation or trust is to provide detailed company information or mission statement online that may be helpful to judge product and service quality and in turn, increase consumer confidence in decision making (e.g. Park and Stoel, 2005; Teo, 2002).

Public release on company profiles, mission statements, or history on the web site often enable organizations to communicate with customers, employees, and investors and promote company establishment, objectives, accomplishments, and commitment to the community and society (Bart and Baetz, 1998; Germain and Cooper, 1990). Consumers tend to trust a business when mission statements or company profiles are clearly presented online. In particular, mission statements are even more important for FTOs that are social-driven and ethical (Bart, 2001).

#### *Product information*

A number of researchers (e.g. Assael, 1984; Davis, 1987; Engel *et al.*, 1978) have found that consumers search for product information to examine and compare with alternatives in their decision-making process. In the information search process, shoppers tend to associate a set of information cues (e.g. price, country of origin, care instructions) with product quality (Cox, 1967). Park and Stoel (2002) suggested that sensory and experiential product information such as fabric construction and fabric hand may be important for judging product quality on the web site. Similarly, Griffin and O'Neal (1992) found that when shopping for clothing, information on fiber content, fabric hand, and price were significantly considered to judge product quality. Product dimensions and weights are other vital product descriptions for handicrafts (Tamimi *et al.*, 2003). When customers cannot experience a product directly, absence of product information may often result in greater amount of perceived risk due to unpredictable consequences and uncertainties about product quality (Simpson and Lakner, 1993). Previous research has shown that lack of information about apparel products (e.g. how fashionable a new product is, if the product is a good gift for someone) could increase

perceived risk, and, in turn, decrease purchase intention (Simpson and Lakner, 1993). Therefore, product information has been found to be an important attribute when making purchase decisions for apparel and textile products (e.g. Smallwood and Wiener, 1987).

The more information an e-tailer can provide on the web site, the more interested a consumer would be in making a purchase. Rich and sensory-oriented product information on the web site can substitute tactile experiences (e.g. touching, feeling) for apparel purchase (Park and Stoel, 2002). Because touching and feeling are the important decisive factors for purchasing apparel and textile products, absence of such experiences need to be compensated with a realistic presentation of products being offered online. Visual display functions such as enlargement, product appearance on a body form, and multiple product views can positively influence purchase decisions (Then and DeLong, 1999). In particular, a three-dimensional view of the product can create positive moods, reduce perceived risk, and in turn, increase purchase intention from the web site (Park *et al.*, 2005).

#### *Customer service information*

Several studies have showed the importance of customer service in e-shopping. Then and DeLong (1999) found that internet shoppers tended to examine carefully the information about security, return policies, and multiple ways to contact the customer service department, when purchasing apparel from the internet. According to Bruskin/Goldberg Research, 75 percent of the internet shoppers considered credit-card security as one of the important purchase decision criteria (*Chain Store Age*, 1999). Teo (2002) found that shoppers avoided buying on the internet due to security concerns.

Information on buying, return, and exchange policies can increase confidence in purchase decisions (Weber and Roehl, 1999). When easy return policies and money back guarantee are available, consumers are likely to perceive less frustrations for making an online transaction without actually touching and feeling a product. Such information details may enhance the credibility of the seller (Constantinides, 2004). In fact, Constantinides (2004) reported that a complicated and unclear ordering process for online transactions was a major reason for loss of sales for online retailers.

Because direct communications and interactions with a customer service representative who handles all purchase and product-related inquiries including returns and security of transactions can increase confidence in purchase decisions and reduce perceived risk, contact information may be used as a important decision making tool for shoppers (Then and DeLong, 1999). In addition, information on "frequently asked questions" can help shoppers efficiently handle the inquiries alone on the web site even without making direct contacts with sales representatives (Teo, 2002).

Information regarding estimation of shipping and handling period and merchandise availability may be useful to predict timing for receipt of merchandise and consumption. Because fashion products are very time sensitive, they may require immediate consumption and gratification after purchase (Sproles, 1981). However, immediate gratification of a purchased product is delayed when buying online due to shipping and handling in the distribution. Knowing exactly when the product will arrive helps reduce false expectations. Consumers also can plan and presume a product use as well as consumption time (Meyer, 2001). Before completing the entire order process by including product selection and transaction, internet shoppers can be

---

informed of merchandise availability (e.g. quantities available, merchandise in stock or back ordered) (Park and Stoel, 2002).

### *Distribution channels*

Multi-channel retailing is an innovative distribution strategy that several retailers currently implement to serve a market in an effective manner. Through multi-channel integrations, retailers sell their products through different shopping mediums such as retail stores, catalogs, internet, wireless channels, and television shopping programs (Stone *et al.*, 2002). According to Clark (1997), the click and mortar firms sell their products through both online and offline channels (e.g. Target, Wal-Mart, Gap), whereas some firms operate the online selling site as well as their traditional print catalogs. Others may integrate catalogs, online, and offline selling channels simultaneously (e.g. Lands' End, JCrew etc.). Retailers who sought a traditional single distribution channel approach with only a brick and mortar store or a catalog-only operation began to operate the interactive multiple stores using the internet for several benefits (Haydock, 2000). Multichannel retailers such as the Gap and Nike who employed the internet selling channel as well as a traditional retail channel had twice as many shoppers on their web sites, as compared to those who only operated a single internet channel (Aron, 1999). In addition, multi-channel retailers spent less for marketing and web site management for advertising their online presence, as compared to multi-channel retailers. Multi-channel retailers also spent less on advertising and promotion for their online presence, but still gained a larger market share than the internet-based retailers (Jaffe, 2000).

According to Littrell *et al.* (2004), fair trade customers may look for new and unique shopping experiences and are likely to be interested in using the internet technology. Fair trade customers tend to seek new and unique shopping experiences (Ray, 1997; Ray and Anderson, 2000). This indicated that fair trade consumers may look for multiple shopping alternatives to enhance shopping experience.

### *Web site structure and media service*

Web site appearance, structure, and maintenance can influence consumer shopping experience, transaction process, and service evaluation (e.g. Kim *et al.*, 2003). Manning *et al.* (1998) found that 50 percent of the internet shoppers left the web site when product search was difficult. Zona Research Inc. (2000) also reported that poor web site quality resulted in a loss of sales because shoppers did not complete the transaction process. According to Kim *et al.* (2003), search engine and product category index could facilitate the shopping process more efficiently and enable shoppers to obtain the relevant information immediately. When the products on a web site are organized under distinguished categories in a systematic manner, shopping ease or efficiency can be increased (Baty and Lee, 1995). The interesting media features such as links to special events and games can evoke a positive revisit intention to the web site.

## **Method**

### *Sample*

Our main interest was to compare the information available online between FTOs and successful commercial retailers (CRs) who sell apparel, accessories, textile products, or handicrafts and provide strategic web site managerial implications for FTOs. We first

searched fair trade web sites via search engines on the Fair Trade Federation (www.fairtradefederation.com) and the International Fair Trade Association (www.ifat.org). We finally obtained a total of 28 fair trade web sites that sold at least one product category among apparel, accessories, textile products, and handicrafts online. A total of 28 successful commercial web sites who sold apparel or textile products online were selected from the top 300 retail web sites published by *Internet Retailer* (2004). In order to achieve statistical power, the equal number of web sites from two types of businesses (fair trade business vs commercial retail business) was loaded for comparative analysis (Aron and Aron, 1997) (see Table I).

#### *Instrument*

A coding guide was developed to obtain information available on the fair trade web sites based on five information classifications developed in this study:

- (1) company information;
- (2) product information;
- (3) distribution channels;
- (4) customer service; and
- (5) web site structure and media service.

The same coding guide was applied to both FTOs and CRs. Product categories being sold (e.g., apparel, textile, and handicrafts) and business classifications (e.g. specialty store, department store, and mass merchandiser) were included in the coding guide to identify the nature of the business (Burns and Bryant, 2001). Based on the literature (e.g. Lee, 2002), three items of company information (company profile, the number of years that the company has served a market, company mission) were developed by researchers.

To obtain product and customer service information, a coding instrument developed by Park and Stoel (2002) was modified and expanded to meet the needs of our study. A total of 20 items (e.g. fiber content, product quality, suggested retail price, availability of personalization) were included to assess the availability of product information. For customer service information, 18 items such as shipping and handling charges, return policies, and customer loyalty programs were assessed.

Then and Delong (1999) found that customers tended to seek information for alternative shopping channels such as catalogs or retail stores when they shop on the internet. Thus, two items including channel integration/selling approach and retailer function were developed to explore available alternative shopping channels for shoppers. Web site structure and media service also were investigated using seven items. Four items of media service that enhance shopping enjoyment (e.g. availability of useful resources, links to other relevant web sites, and multimedia downloads) were selected from the WEBQUAL scale developed by McGoldrick *et al.* (1999). Other three items related to web site structure and navigation efficiency, including search engine availability, separate overstock announcement, and comparison shopping, were selected from the coding guide developed by Park and Stoel (2002).



Organization	Fair trade retailers Web site	Commercial retailers Web site
Ananse Village	<a href="http://www.anasevillage.com">www.anasevillage.com</a>	Abercrombie and Fitch <a href="http://www.abercrombie.com">www.abercrombie.com</a>
Baladarsan fair trade imports and exports	<a href="http://www.balafairtrade.com">www.balafairtrade.com</a>	American Eagle Outfitters, Inc. <a href="http://www.ae.com">www.ae.com</a>
Bright hope international	<a href="http://www.brighthope.com">www.brighthope.com</a>	Burlington Coat Factory <a href="http://www.coat.com">www.coat.com</a>
Casa Bonampak	<a href="http://www.casabonampak.com">www.casabonampak.com</a>	Choice Shirts <a href="http://www.choiceshirts.com">www.choiceshirts.com</a>
Colores Del Pueblo	<a href="http://www.coloresdelpueblo.org">www.coloresdelpueblo.org</a>	Coldwater Creek <a href="http://www.coldwatercreek.com">www.coldwatercreek.com</a>
DGimports Gallery	<a href="http://www.pdggallery.com">www.pdggallery.com</a>	Dillard's, Inc. <a href="http://www.dillards.com">www.dillards.com</a>
Fair trade quilts and crafts	<a href="http://www.fairtradequilts.com">www.fairtradequilts.com</a>	EBags <a href="http://www.ebags.com">www.ebags.com</a>
Gecko Traders	<a href="http://www.geckotraders.com">www.geckotraders.com</a>	Flax Art and Design <a href="http://www.flaxart.com">www.flaxart.com</a>
Global Exchange	<a href="http://www.globalexchange.org">www.globalexchange.org</a>	Fossil <a href="http://www.fossil.com">www.fossil.com</a>
Inka Urpi	<a href="http://www.inkaupri.com">www.inkaupri.com</a>	Gap, Inc. <a href="http://www.gap.com">www.gap.com</a>
Jewel of the Trade	<a href="http://www.jewelofthetrade.com">www.jewelofthetrade.com</a>	Guess, Inc. <a href="http://www.guess.com">www.guess.com</a>
Kusikuy	<a href="http://www.kusikuy.com">www.kusikuy.com</a>	Hat World <a href="http://www.lids.com">www.lids.com</a>
Lucuma	<a href="http://www.lucuma.com">www.lucuma.com</a>	Hot Topic <a href="http://www.hottopic.com">www.hottopic.com</a>
MarketPlace: Handwork on India	<a href="http://www.marketplaceindia.com">www.marketplaceindia.com</a>	J.Crew, Inc. <a href="http://www.jcrew.com">www.jcrew.com</a>
Mayaworks	<a href="http://www.mayaworks.org">www.mayaworks.org</a>	Jockey International <a href="http://www.jockey.com">www.jockey.com</a>
Milagros Para ti	<a href="http://www.milagrosparati.com">www.milagrosparati.com</a>	Kmart Corporation <a href="http://www.kmart.com">www.kmart.com</a>
Moonbeam	<a href="http://www.moonbeamha.com">www.moonbeamha.com</a>	L.L. Bean, Inc. <a href="http://www.llbean.com">www.llbean.com</a>
Nicaraguan Cultural Alliance	<a href="http://www.quixote.org/nca">www.quixote.org/nca</a>	Linens 'n Things, Inc. <a href="http://www.lnt.com">www.lnt.com</a>
Pachmama	<a href="http://www.pachamama.world.com">www.pachamama.world.com</a>	Martha Stewart Living Omnimedia, Inc. <a href="http://www.martinstewart.com">www.martinstewart.com</a>
Patagon Bird	<a href="http://www.patagonbird.com">www.patagonbird.com</a>	Nike, Inc. <a href="http://www.nike.com">www.nike.com</a>
Peacecraft	<a href="http://www.peacecraft.org">www.peacecraft.org</a>	Nine West <a href="http://www.ninewest.com">www.ninewest.com</a>
PEOPlink	<a href="http://www.peoplink.com">www.peoplink.com</a>	Pier 1 Imports <a href="http://www.pier1.com">www.pier1.com</a>
Serrv International Talisman Tribal Arts	<a href="http://www.serrv.org">www.serrv.org</a>	Polo Ralph Lauren Corporation <a href="http://www.polo.com">www.polo.com</a>
Ten Thousand Villages	<a href="http://www.talisman-tribal-arts.com">www.talisman-tribal-arts.com</a>	Spiegel Catalog, Inc. <a href="http://www.spiegel.com">www.spiegel.com</a>
Transylvanian Images	<a href="http://www.tenthousandvillages.com">www.tenthousandvillages.com</a>	Talbots <a href="http://www.talbots.com">www.talbots.com</a>
Tribal Fair	<a href="http://www.transylvanianimages.com">www.transylvanianimages.com</a>	Target Corporation <a href="http://www.target.com">www.target.com</a>
Winding Road Décor Store	<a href="http://www.wmstore.com">www.wmstore.com</a>	The North Face <a href="http://www.thenorthface.com">www.thenorthface.com</a>
		Wal-Mart Corporation <a href="http://www.walmart.com">www.walmart.com</a>

**Table I.**  
List of fair trade and  
commercial organizations  
content-analyzed

*Procedure*

A total of 28 FTOs and 28 commercial online retailers were content-analyzed between June and July 2004. The coding guide was pretested with five out of 28 fair trade web sites and five out of 28 commercial online retailers in order to ensure the suitability and equivalence of the coding guide for both types of businesses. To assess inter-rater reliability, two independent researchers coded twenty web sites including ten fair trade web sites and ten commercial web sites. The inter-rater reliability, calculated by dividing the number of agreements by the number of agreements and disagreements, was 0.91. This was considered acceptable. Finally, one main rater coded remaining 23 fair trade and 23 commercial web sites to complete the data.

**Results**

Apparel and textile products sold in each type of businesses were slightly different. Among FTOs, only about 32 percent marketed apparel products, while the majority sold textile products (e.g. bedding) (89 percent of FTOs) or handicrafts (86 percent of FTOs). Among CRs, both apparel (82 percent of CRs) and textile products (89 percent of CRs) were the major product categories. Only about 36 percent of CRs sold handicrafts online. Regarding the retail business type, all FTOs investigated were specialty merchants, while CRs varied: About 50 percent were specialty stores, about 39 percent were department stores, and 10 percent were mass merchandisers.

Using chi-square analysis, differences in the company-related information, product information, customer service information, distribution channels, and web site quality between FTOs and CRs were examined.

*Company information*

Chi-square analysis revealed a significant difference in availability of company profile information online between FTOs and commercial retail organizations. About 75 percent of FTOs had some company profile available online, while almost all CRs (96.4 percent) had such information. However, there was no significant difference in information availability of business mission statement and business established year between FTOs and CRs. About 71 percent of FTOs and 89 percent of CRs presented mission statements on their web sites. The information for the establishment year was not available in approximately 54 percent of FTOs and 25 percent of CRs. In an average, the CRs have been in existence for about 35 years, whereas FTOs are relatively new and have been in the market for nine years (see Table II).

Variables		Chi-square	df	Percent	
				Fair trade	Commercial retailer
Company profile	Available	5.25 *	1	75.0	96.4
No. of years since the company has served the market	Available	30.24	27	46.4	75.0
Company mission statement	Available	2.83	1	71.4	89.3

Notes: \*  $p < 0.05$ ; \*\*  $p < 0.01$ ; \*\*\*  $p < 0.001$

**Table II.**  
Chi-square analysis results for company information



### *Product information*

Chi-square analysis revealed that there were significant differences in availability of the major product information such as fiber content ( $\chi^2 = 6.54$ ), color description ( $\chi^2 = 4.37$ ), care ( $\chi^2 = 0.14$ ), how fashionable the product is ( $\chi^2 = 0.85$ ), and description of how a product ( $\chi^2 = 0.67$ ) can be used/worn between FTOs and CRs. A smaller percentage of fair trade web sites (71 percent) presented information about fiber content, as compared to CRs (96.4 percent). Only about 39 percent of FTOs had a picture enlargement function available on their web site, while majority of CRs (89 percent) provided such function. Both text and visual descriptions of a garment color choice were available in only about 32 percent of FTOs and 71 percent of CRs. More than half (60.7 percent) of CRs described how fashionable the product was, while only about 29 percent of FTOs provided such information. About 10.7 percent of FTO and 64.3 percent of CRs provided care instructions for products. Both verbal and visual information regarding the use of a product was not available on fair trade web sites, whereas 17.9 percent of the CRs provided the information. Although half of CRs provided a visual image of how the product should be used, only one fourth of fair trade web sites provided such information. A greater percent of FTO (85.7 percent) used an inferior visual display technique such as flat displays, as compared to CRs (46.4 percent). Most CRs displayed products on the three-dimensional form (e.g. body forms, human model) which enable shoppers to judge the product quality in an effective manner. In terms of country-of-origin, more fair trade web sites (75.0 percent) provided detailed information about where the merchandise was produced, as compared to CRs (46.4 percent). Some CRs did provide information about if the product was domestic or imported, but failed to provide specific country information in most cases (see Table III).

Information availability for a few coded items such as fabric structure, personalization, and comments on products from prior purchasers were not significantly different between FTOs and commercial organizations (see Table III).

### *Distribution channels*

As shown in the Table IV, significant differences in channel integration and retailer function were found between FTOs and CRs. Regarding channel integration, around 61 percent of CRs used both online and offline stores to sell products, whereas more than half of FTOs (57.9 percent) used a single online channel without offline stores. About 14 percent of CRs used catalogs in addition to an online selling channel, while only about 7 percent of FTOs used catalogs. Catalogs, online, and offline selling channels were available in 25 percent of CRs and 18 percent of FTOs. For a retailer function, a small number of CRs (3.6 percent) performed multiple functions of retailing and wholesaling, while almost half of the FTOs (50.0 percent) had both functions.

### *Customer service*

There were several significant differences in customer service (e.g. shipping, payment, return) between FTO and CRs. Only about 57 percent of FTOs, as compared to CRs (96.4 percent), provided information about shipping and handling charges before processing orders and transactions. Similarly, there was a lack of information regarding international shipping on fair trade web sites. Although almost all CRs (96.4 percent) presented information regarding the various special delivery services, only

Variables		Chi-square	df	Percent	
				Fair trade	Commercial retailer
Care	Available	0.14***	1	10.7	64.3
Color description	Only visual	4.37**	2	50.0	21.4
	Only verbal			0.0	3.6
	Both verbal and visual			32.1	71.4
Country of origin	Specific country	9.1***	2	75.0	7.1
	Only imported or domestic			0.0	64.3
	Both not available			17.9	3.6
	Customer comments			Available	0.00
Fabric hand	Available	0.42		17.9	25.0
Fashionable	Available	0.85*	1	28.6	60.7
Fiber content	Available	6.54*	2	71.4	96.4
	No information available			25.0	3.6
	Not applicable			3.6	0
Fiber structure	Available	2.64	2	60.7	78.6
Flat display	Available	0.64**	1	85.7	46.4
Item good as gift	Available	0.35	1	7.1	3.6
Item quality	Available	0.08	1	32.1	35.7
Measurement of item	Available	1.24	1	71.4	57.1
Original retail price	Available	5.32	1	21.4	3.6
Personalization	Available	0.75	1	7.1	14.3
Picture enlargement	Available	15.24***	1	39.3	89.3
	Picture shown			2.04	3
Product use	2-2D views			21.4	32.1
	Three 2D views			7.1	7.1
	3D rotation			0	3.6
	Verbal information	0.67**	3	17.9	21.4
	Visual information			25.0	50.0
Both			0.0	17.9	
None			46.4	10.7	
Suggested retail price	Available	6.72	1	78.6	100.0
Special discount	Available	1.95	1	10.7	25.0
Tracking customer on each visit	Available	2.07	1	0	7.1

**Table III.**  
Chi-square analysis  
results for product  
information

Notes: \*  $p < 0.05$ ; \*\*  $p < 0.01$ ; \*\*\*  $p < 0.001$

Variables		Chi-square	df	Percent	
				Fair trade	Commercial retailer
Channel integration	Online	3.51**	3	57.9	0.0
	Online and catalog			7.1	14.3
	Online and offline			17.1	60.7
	Online, offline, and catalog			17.9	25.0
Seller function	Retailer	2.95*	2	39.3	85.7
	Wholesaler			10.7	3.6
	Both			50.0	10.7

**Table IV.**  
Chi-square analysis  
results for distribution  
channels

Notes: \*  $p < 0.05$ ; \*\*  $p < 0.01$ ; \*\*\*  $p < 0.001$

28.6 percent of FTOs provided such information on their web sites. More than half of the CRs offered over three modes of shipment and all of them provided information regarding delivery time. However, such multiple options were not available in most FTOs' web sites (see Table V).

In terms of payment options, although all CRs provided information about the type of credit cards accepted, only 64.3 percent of FTOs provided such information. About 79 percent of CRs versus 28.6 percent for FTO presented sales tax information. Order confirmation and order processing information also were unavailable on several fair trade web sites. Among FTOs, only about 36 percent provided information regarding how an order would be confirmed. However, such information was available on most CRs' web sites. There was no significant difference in information availability of product quantity in stock between FTOs and CRs (see Table V).

While or before making an online purchase, it may be important for shoppers to acquire information on return policy in order to feel comfortable about the purchase. However, only 28.6 percent of FTOs provided information about money back guarantee and 32.1 percent presented information about return policy, whereas majority of CRs provided such information. Although 93 percent of CRs clearly stated

Variables		Chi-square	df	Percent	
				Fair trade	Commercial retailer
Credit card info	Not available	26.78***	5	35.7	0.0
Customer loyalty programs	Available	31.54***	1	14.3	89.3
Customer service contact	1-800 number	10.78*	3	0.0	7.1
	E-mail address			17.9	0.0
	Both			71.4	92.9
	No information			10.7	0
Delivery methods	Not available	30.34***	4	50.0	0.0
	1 method			21.4	14.3
	2 methods			10.7	0.0
	3 methods			10.7	32.1
	More than 3			7.1	53.6
Delivery time	Available	20.49***	1	46.4	100.0
E-mail	Direct e-mailing	11.2**	2	7.1	85.7
	Only e-mail address			85.7	42.9
	Both			7.1	28.6
International shipping	Available	5.24*	1	53.6	82.1
Items in stock	Available	1.69	1	14.3	7.1
Mode of shipment	Available	27.5***	1	28.6	96.4
Money back guarantee	Available	24.26***	1	28.6	92.9
Online chat function	Available	7.79**	1	3.6	32.1
Order confirmation	Available	19.91***	1	35.7	92.9
Order processing info	Available	21.32***	1	28.6	89.3
Privacy policy	Available	28.76***	1	9.0	100.0
Returning method	Available	29.17***	1	21.4	92.9
Returns	Available	22.01***	1	32.1	92.9
Sales tax info	Available	14.07***	1	28.6	78.6
Shipping	Available	12.12***	1	57.1	96.4

Notes: \*  $p < 0.05$ ; \*\*  $p < 0.01$ ; \*\*\*  $p < 0.001$

**Table V.**  
Chi-square analysis  
results for customer  
service

contact information (e.g. 1-800 phone number, e-mail address) for customer service, a significant number of FTOs did not provide appropriate contact information (see Table V).

Reflecting technology advances, 32.1 percent of CRs used a live chat function to communicate with and respond to customers. However, only 3.6 percent of FTO provided a similar function. Considering credit card thefts, privacy policy and related statement are becoming the major requirement for web site management. All CRs stated privacy policy on their web sites, but only 9 percent of FTO presented the privacy protection-related information. Customer loyalty programs were more prevalent among CRs (89.3 percent) than FTO (14.3 percent). There was no significant difference between FTOs and CRs regarding the communication system available online such as online direct e-mailing feature that enables customers to type up messages directly on the web site without opening a separate e-mail program (see Table V).

#### *Web site structure and media service*

Significant differences between FTOs and CRs were found in web site structure and media service. CRs provided a search engine by word (60.7 percent) or both by word and category (21.3 percent). However, the product search function was not available in most fair trade web sites (64.3 percent). A greater percent of FTOs (32.1 percent) provided other supplementary information such as how the product is produced, as compared to CRs (3.6 percent). On fair trade web sites, information regarding the artisans and their backgrounds (e.g. social status, income) was available. Although overstock or sales information and newsletter signup functions were available on most commercial web site, only one-fourth of FTOs provided such information. There was no significant difference in the links available to enhance surfing experience, media downloads, and information availability for alternative product/store comparisons (see Table VI).

### Discussion and implications

With an increasing awareness of FTOs in the USA and a growing social trend toward supporting such organizations, the current research intended to enhance the

Variables		Chi-square	df	Fair trade	Percent Commercial retailer
Comparison shopping	Available	2.07	1	0	7.1
Links to other web sites	Available	1.99	1	42.9	25.0
Multimedia downloads	Available	2.07	1	0	7.1
Newsletter sign-up	Available	33.6**	1	25.0	100.0
Overstock announcement	Available	23.63**	1	25.0	89.3
Search engine	Not available	26.46**	3	64.3	3.6
	By word			14.3	60.7
	By category			3.6	0.0
	Both			14.3	21.4
Useful sources	Available	7.79*	1	32.1	3.6

Notes: \*  $p < 0.01$ ; \*\*  $p < 0.001$

**Table VI.**  
Chi-square analysis  
results for web site  
structure and media  
service

organizational performance and profits to help them sustain and grow. As previous research showed that the significant number of fair trade consumers shop online, FTOs need to understand and meet the needs of online consumers. However, our results revealed that FTOs were much inferior with regard to providing information online in all areas classified in this study, as compared to successful CRs. Building a company trust and reputation through providing detailed company and product information, developing integrated multiple distribution channels, improving customer service, and enhancing the web site design can help FTO improve their online presence and hence, help increase sales. Thus, our research is valuable to provide insights on what areas of the web site management in FTOs need to be improved based on performance measures developed from benchmarking against the successful CRs in the competitive online market.

Results revealed that fewer FTOs provided company-related information online. Considering that FTOs are relatively new and known to only fewer consumers, it is important for FTOs to provide detailed information about the company and the way it functions in order to build a trust and reputation. Socially-oriented business missions of FTOs and information about how the organizations support the poor artisans in developing countries would evoke shopping motivations for shoppers.

Our findings showed that FTOs are lacking in various aspects of product information on their web sites. Considering that FTOs sell products that are ethnic, unique and not similar to products available in commercial retail stores, providing detailed product information online is essential. It is important to describe details regarding how the product can be used, care instructions, and availability of picture enlargement, which were absent on fair trade retailers' web sites. As most fair trade retailers sell products that are not commonly used and available products, a detailed description can help the consumer make a better judgment regarding product quality and make a purchase decision. In the absence of product information, shoppers could be left with unanswered questions and thus, would not make the purchase.

In terms of channel integrations, our research showed that most successful online retailers operated a physical store in addition to the online store. Multiple store operations online and offline can provide direct and indirect shopping experiences. Physical presence of a store interacts with and supports the online store (Kim and Park, 2005). Hence, fair trade retailers can work toward expanding their physical presence through specialty stores or co-operatives with other fair trade retailers. In addition, understanding customer shopping channel preference can be researched by each FTO in order to arrange channel directions.

Customer service information can play an important role in minimizing any risks associated with online shopping. Clear and precise information regarding all aspects related to buying a product such as shipping and handling charges, methods of delivery, credit cards accepted, sales tax charged, return policies, delivery time, how the order will be confirmed, money back guarantee, privacy policy, and contact information need to be provided on the web site in order to reduce uncertainty and negative consequences while making an online purchase. Our research showed that a significant number of FTOs failed to provide customer service information, as compared to CRs.

Quality of shopping experience can be enhanced through efficient search systems (e.g. search by word and category), site structure (e.g. clearance section), and useful resources. However, this study found that FTOs operated inferior web site management system overall, as compared to successful CRs. Presence of these features is significantly greater on the CRs' web sites. FTOs can use these success indicators in order to manage web site effectively, provide convenience shopping modes, and thus, create pleasurable shopping experiences.

This study has some limitations. Although it would be a more powerful analysis to make the comparisons among businesses who sell almost equal proportions of product categories (e.g. apparel, handicrafts, textile), discrepancies of major products sold in each business were found. FTOs sold more handicrafts and textiles and fewer apparel products, while CRs sold fewer handicrafts. The information needs may be different among product categories in FTOs. Thus, benchmarking against retailers who do not carry relevant products such as handicrafts may not provide appropriate performance measures for FTOs. However, because web site strategic operations and management may be global across apparel and textile products, we intended to examine a much wider range of characteristics of information and web site appearance. The results may be more applicable to FTOs that sell apparel and textiles products.

### References

- Abraham-Murali, L. and Littrell, M.A. (1995), "Consumers' conceptualization of apparel attributes", *Clothing and Textile Research Journal*, Vol. 3 No. 2, pp. 65-74.
- Aron, A. and Aron, E.N. (1997), *Statistics for the Behavioral and Social Sciences*, Prentice-Hall, Upper Saddle River, NJ.
- Aron, L. (1999), "Delivering on e-commerce", *Chain Store Age*, Vol. 75 No. 6, pp. 130-1.
- Assael, H. (1984), *Consumer Behavior and Marketing Action*, Kent Publishing, Boston, MA.
- Bart, C.K. (2001), "Exploring the application of mission statements on the world wide web", *Internet Research*, Vol. 11 No. 4, pp. 360-8.
- Bart, C.K. and Baetz, M.C. (1998), "The relationship between mission statements and firm performance: an exploratory study", *The Journal of Management Studies*, Vol. 36 No. 26, pp. 823-53.
- Baty, J.B. II and Lee, R.M. (1995), "Intershop: enhancing the vendor/customer dialect in electronic shopping", *Journal of Management Information Systems*, Vol. 11 No. 4, pp. 9-31.
- Benjamin, M. and Freedman, A. (1989), *Bridging the Global Gap*, Seven Locks Press, Washington, DC.
- Boone, L.E. and Kurtz, D.L. (1999), *Contemporary Marketing*, Dryden Press, Orlando, FL.
- Brand, R. (2001), "Consumers expected to visit familiar stores online", *Columbus Dispatch*, January 22, p. F5.
- Brown, M.B. (1993), *Fair Trade*, Zed Books, London.
- Burns, L.D. and Bryant, N.O. (2001), *The Business of Fashion: Designing, Merchandising and Marketing*, Fairchild Publications, New York, NY.
- Chain Store Age* (1999), "The survey says", January, p. 155.
- Clark, B.H. (1997), "Welcome to my parlor: the lure of marketing on the world wide web is great. Be sure you don't get stuck with wrong approach", *Marketing Management*, Vol. 5 No. 4, pp. 11-22.



- Constantinides, E. (2004), "Influencing the online consumer behavior: the web experience", *Internet Research*, Vol. 14 No. 2, pp. 111-26.
- Cox, D.F. (1967), "Risk handling in consumer behavior", in Cox, D. (Ed.), *Risk Taking and Information Handling in Consumer Behavior*, Division of Research, Graduate School of Business, Harvard University, Boston, MA, pp. 34-81.
- Davis, L.L. (1987), "Consumer use of label information in rating of clothing quality and clothing fashionability", *Clothing and Textile Research Journal*, Vol. 6 No. 1, pp. 8-14.
- Dickson, M.A. and Littrell, M.A. (1997), "Consumers of clothing from alternative trading organizations: societal attitudes and purchase evaluative criteria", *Clothing and Textile Research Journal*, Vol. 15 No. 1, pp. 20-33.
- Embley, L.L. (1993), *Doing Well while Doing Good*, Prentice-Hall, Englewood Cliffs, NJ.
- Engel, J.F., Kollat, D.T. and Blackwell, R.D. (1978), *Consumer Behavior*, 3rd ed., Holt, Rinehart and Winston, New York, NY.
- Fair Trade Federation (2003), *Fair Trade Trends Report*, Fair Trade Federation, Washington, DC.
- Fair Trade Federation (2005), "Shopping and sales", available at: [www.fairtradefederation.com/mshop.html](http://www.fairtradefederation.com/mshop.html)
- Germain, R. and Cooper, M.B. (1990), "How a customer mission statement affects company performance", *Industrial Marketing Management*, Vol. 19 No. 1, pp. 35-48.
- Greenfield, M. (1991), "Taking third world producers into account", *Boston Business Journal*, June 24, p. 15.
- Griffin, M.L. and O'Neal, G.S. (1992), "Critical characteristics of fabric quality", *Home Economics Research Journal*, Vol. 21 No. 2, pp. 173-91.
- Haydock, M. (2000), "Multi-channel strategies win confidence", *DM News*, August 21, p. 32.
- Hoffman, D.L., Novak, T.P. and Peralta, M. (1999), "Building consumers' trust online", *Communications of the ACM*, Vol. 42 No. 4, pp. 80-6.
- International Federation for Alternative Trade (2003), "What is IFAT?", available at: [www.ifat.org/whatisft.html](http://www.ifat.org/whatisft.html) (accessed November 16, 2003).
- Internet Retailer* (2004), "Top 300 retailer web sites", available at [www.internetretailer.com](http://www.internetretailer.com)
- Jaffe, R. (2000), "Multi-channel vs pureplay philosophies appear night and day", *PaineWebber Research Note*, August 24, p. 1.
- Kim, J. and Park, J.H. (2005), "A consumer shopping channel extension model: attitude shift toward the online store", *Journal of Fashion Marketing and Management*, Vol. 9 No. 1, pp. 106-21.
- Kim, S., Littrell, M.A. and Paff Ogle, J.L. (1999), "The relative importance of social responsibility as a predictor of purchase intentions for clothing", *Journal of Fashion Marketing and Management*, Vol. 3 No. 3, pp. 207-18.
- Kim, S., Shaw, T. and Schneider, H. (2003), "Web site design benchmarking within industry groups", *Internet Research*, Vol. 13 No. 1, pp. 17-26.
- Lee, P.M. (2002), "Behavioral model for online purchasers in e-commerce environment", *Electronic Commerce Research*, Vol. 2 Nos 1-2, pp. 75-85.
- Liang, T.P. and Lai, H.J. (2002), "Effect of store design on consumer purchase: an empirical study of online bookstores", *Information and Management*, Vol. 39 No. 6, pp. 431-44.
- Liebermann, Y. and Stashevsky, S. (2002), "Perceived risk as barriers to internet and e-commerce usage", *Qualitative Market Research*, Vol. 5 No. 2, pp. 291-300.

- Littrell, M.A. and Dickson, M.A. (1999), *Social Responsibility in the Global Market: Fair Trade of Cultural Products*, Sage Publications, Thousand Oaks, CA.
- Littrell, M.A., Ma, Y.J. and Halepete, J. (2004), *Fair Trade Market Survey Summary Report*, Iowa State University, Ames, IA.
- Love, J. (2004), "The reasons behind the numbers", *Internet Retailer*, June, available at [www.internetretailer.com](http://www.internetretailer.com).
- McCormick, J. and Levinson, M. (1993), "The supply police", *Newsweek*, February 15, pp. 48-9.
- McGoldrick, P., Vazquez, D., Lm, T.Y. and Kelling, K. (1999), "Cyberspace marketing – how do surfers determine web site quality?", in Broadbridge, A. (Ed.), *Tenth International Conference on Research in Distributive Trades*, Institute for Retail Studies, University of Stirling, Stirling, pp. 603-12.
- McKnight, D.H., Choudhury, V. and Kacmar, C. (2002), "The impact of initial consumer trust on intention to transact with a web site: a trust building model", *The Journal of Strategic Information Systems*, Vol. 11 Nos 3-4, pp. 246-58.
- Manning, H., McCarthy, J.C. and Souza, R.K. (1998), "Why most web sites fail", *Forrester Research: Interactive Technology Series*, Vol. 3 No. 7, pp. 55-71.
- Meyer, C. (2001), "While customers wait, add value", *Harvard Business Review*, Vol. 78 No. 4, pp. 105-14.
- NTIA (2004), "A nation online: how Americans are expanding their use of the internet", available at: [www.ntia.doc.gov/ntiahome/dn/html/toc.htm](http://www.ntia.doc.gov/ntiahome/dn/html/toc.htm)
- Park, J.H. and Stoel, L. (2002), "Apparel shopping on the internet", *Journal of Fashion Marketing and Management*, Vol. 6 No. 2, pp. 158-76.
- Park, J.H. and Stoel, L. (2005), "Effect of brand familiarity, experience, and information on purchase intention", *International Journal of Retail & Distribution Management*, Vol. 33 No. 2, pp. 148-60.
- Park, J.H., Lennon, S.J. and Stoel, L. (2005), "Online product presentation: effects on mood, perceived risk, and purchase intention", *Psychology and Marketing*, Vol. 12 No. 9.
- Ray, R.H. (1997), "The emerging culture", *American Demographics*, Vol. 19 No. 2, pp. 29-34.
- Ray, P.H. and Anderson, S.R. (2000), *The Cultural Creatives: How 50 Million People Are Changing the World*, Harmony Books, New York, NY.
- Simpson, L. and Lakner, H.B. (1993), "Perceived risk and mail order shopping for apparel", *Journal of Consumer Studies and Home Economics*, Vol. 17 No. 4, pp. 377-89.
- Smallwood, V. and Wiener, J. (1987), "Light and heavy catalog shoppers of clothing", *Clothing and Textiles Research Journal*, Vol. 5 No. 3, pp. 25-30.
- Sproles, G. (1981), "Analyzing fashion life-cycle – principles and perspectives", *Journal of Marketing*, Vol. 45, pp. 116-24.
- Stone, M., Hobbs, M. and Khaleeli, M. (2002), "Multichannel customer management: the benefits and challenges", *Journal of Database Management*, Vol. 10 No. 1, pp. 39-52.
- Strohm, C. (2003), "New fair trade trends reports shows robust growth for fair trade industry", *Networks: Newsletter of the Fair Trade Federation*, Vol. 12 No. 3, Fall, pp. 1-4.
- Suh, B. and Han, I. (2002), "Effect of trust of customer acceptance of internet banking", *Electronic Commerce Research and Applications*, Vol. 1 Nos 3-4, pp. 247-63.
- Tamimi, N., Rajan, M. and Sebastianelli, R. (2003), "The state of online retailing", *Internet Research: Electronic Networking Applications and Policy*, Vol. 13 No. 3, pp. 146-55.
- Teo, T.S.H. (2002), "Attitudes toward online shopping and the internet", *Behavior and Information Technology*, Vol. 21 No. 4, pp. 259-71.

- 
- Then, N.K. and DeLong, M.R. (1999), "Apparel shopping on the web", *Journal of Family and Consumer Sciences*, Vol. 91 No. 3, pp. 65-8.
- Weber, K. and Roehl, W.S. (1999), "Profiling people searching for and purchasing travel products on the world wide web", *Journal of Travel Research*, Vol. 37 No. 3, pp. 291-8.
- Zona Research Inc. (2000), "Inside, outside or upside down? Measuring and ensuring the efficiency of web-enabled business technologies", *Zona Market Report*, p. 38, available at: <http://zonaresearch.com/reports/index.htm>

#### About the authors

Jaya Halepete is a Doctoral Student in the College of Family and Consumer Science at Iowa State University. Her research focuses on consumer behavior and international retailing. Jaya Halepete is the corresponding author and can be contacted at: [jaya@iastate.edu](mailto:jaya@iastate.edu)

Jihye Park is an Assistant Professor in the College of Family and Consumer Science at Iowa State University. Her research focuses on multichannel retailing and technology use in apparel shopping

---

To purchase reprints of this article please e-mail: [reprints@emeraldinsight.com](mailto:reprints@emeraldinsight.com)  
Or visit our web site for further details: [www.emeraldinsight.com/reprints](http://www.emeraldinsight.com/reprints)

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.