

The Grocer

Focus On: Fairtrade by Ash O'Mahony (Ashleigh.OMahony@wrbm.com)

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The Story

Fairtrade has taken its fair share of flak of late yet Fairtrade is still doing a roaring trade. An extra 214,000 shoppers bought into the category last year, pushing up value sales by 11%. So what is driving this growth and can it continue as rival schemes emerge?

Key themes

Increasing shoppers: Not only did 214,000 more people buy into Fairtrade last year, but existing shoppers are returning to buy Fairtrade products more frequently and in bigger quantities. What has prompted this increase in sales? Are shoppers becoming more concerned about ethical consumption?

Rival schemes: There is one major threat to all of this growth: rival schemes. The most notable of these is Sainsbury's, which tested out Fairly Traded across own-label tea in May. The idea was to trial the concept and see how it was received by shoppers, with a view to a wider rollout. Since then, there have been numerous protests and petitions against Sainsbury's. So will this roll out more widely? If so, the effect on Fairtrade will be hugely damaging – Sainsbury's accounts for 26.9% of the market, and its move on tea is perhaps behind decline in hot beverages sales. And will more brands start to do their own thing?

Positive PR: Following Sainsbury's shock move, other supermarkets have taken the opportunity to generate positive PR by strengthening their ties to Fairtrade. Can this offset the damage caused by rival schemes?

New areas of growth: Frozen confectionery was up massively last year, driven by one brand adopting the Fairtrade label. Alcohol also emerged as a growth area, partly down to the Co-Op's decision to make Fairtrade Wine its core range, but there have also been some encouraging gains among branded produce. To what extent will these areas continue to grow and are any other sub-categories tipped for growth in future?

Key questions the feature is likely to address:

- What consumer trends have impacted the category over the past year?
- How have promotional strategies (both in terms of price and marketing) evolved?
- How have individual retailers' strategies impacted the market?
- How has merchandising changed in the market?
- What impact has own-label had on branded players?
- What's next for the category?