



Print ISSN: 1738-3110 / Online ISSN 2093-7717
 JDS website: <http://www.jds.or.kr/>
<http://dx.doi.org/10.15722/jds.19.10.202110.23>

A Study on Factors Affecting the Purchase of Handmade Products of Premium Prices Imported through Fair Trade* **

Jong-In SUN¹, Hee-Joong HWANG²

Received: September 02, 2021. Revised: September 08, 2021. Accepted: October 05, 2021.

Abstract

Purpose: This study explored factors affecting the purchase of fair trade hand-made products. We focused on the difference between the mediating effect of purchase intention and purchase purpose, and verified the additional effectiveness of premium prices. **Research design, data and methodology:** The data was collected through an online survey. The reliability and validity of each variable used in the questionnaire were verified. Then, each hypothesis was analyzed through multiple regression analysis. **Results:** First, individual social responsibility and purchasing experience of general fair trade products have a definitive effect on the intention of purchasing fair trade hand-made products. Second, the willingness to pay premium prices varies depending on whether it is an individual's consumption or consumption for others. Third, the higher the individual's social responsibility and experience in purchasing fair trade products, the more willing he is to pay premium prices. Fourth, the purchase intention of fair trade hand-made products is to have the effect of partial mediation. Fifth, when choosing a gift for an adult, it was determined that the consumer was willing to pay premium prices the highest amount. **Conclusions:** In terms of factors affecting the purchase of fair trade hand-made products at premium prices, it was confirmed that individuals' social responsibilities and purchases of fair trade general products had an impact.

Keywords : Fair Trade, Handicraft, Handmade Product, Premium Price

JEL Classification Code: F1, Q56, M00, M31

1. Introduction

It is true that the form of trade has so far focused on goods and that there has been a relative lack of awareness of those who produce them. Fair trade can be seen as a form of trade that began with this sense of problem.

Fair trade is a process that contributes to the virtuous cycle of the world economy. This mode of trade supports producers who have relatively less power within the production process as well as leads customers to purchase quality products.

Global fair trade transactions expanded from 2.4 billion euros in 2007 to 8.5 billion euros in 2017, with sales soaring from 17 million euros in 2010 to 30 million euros in 2017 (FTO Annual Report, 2018). According to the Korea Fair Trade Organization (KFTO) announcement, sales of its members have increased every year to 16.525 billion won in 2016, 18.86 billion won in 2017, and 18.972 billion won in 2018 (Lee & Lee, 2019). The continued increase in sales indirectly proves that consumers' perception of fair trade has spread.

However, consumption of fair trade products is often limited to coffee, chocolate, and tea (Min, Kim, Kwon, Kim,

* This research was supported by Korea National Open University Research Fund

** This paper is the developed summary of Korea National Open University Master's Thesis of Jong-In Sun.

1 First Author. Ph.D. Student, Business School, Korea University, Korea. Email: sunjongin@korea.ac.kr

2 Corresponding Author. Professor, Department of International Trade, Korea National Open University, Korea. Tel: +82-2-3668-4683, Email: ygodson@mail.knou.ac.kr

© Copyright: The Author(s)
 This is an Open Access article distributed under the terms of the Creative Commons Attribution Non-Commercial License (<http://creativecommons.org/licenses/by-nc/4.0/>) which permits unrestricted noncommercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

& Lee, 2012). In fact, when a 2016 survey conducted by Trend Embrain, a survey agency, allowed duplicate responses, the most popular products among consumers were coffee (66.2%), chocolate (38.4%), and cocoa (33.1%). In addition, the most purchased fair trade products were coffee 55.4%, chocolate (27%), sugar (17%), and cocoa (14.5%).

However, fair trade products exist in a variety of ways other than food products. Therefore, in order to expand the significance of fair trade, transaction items need to be diversified. This is because the more diverse the consumer's purchasing options, the more active fair trade transactions can be achieved, and this can maintain sustainable growth in which economic value is shared.

Therefore, this study focused on fair trade handicraft products, which have been relatively discussed abroad and have been relatively lacking in discussion. Still, there is a lack of research on fair trade and its industrial products in Korea, so the study aims to draw full-fledged discussions on hand-made products in the fair trade market.

In addition, this study seeks to explain the fair trade, which is already well known, to the extent that consumers know about fair trade, in other words, the depth of knowledge and the intention to purchase it. It can be interpreted that it is necessary to provide more accurate information on the purpose from knowing for those who know about fair trade to have a high proportion. In this regard, the level of recognition of fair trade is basically investigated, and how it affects the purchase of fair trade hand-made products when they have the right information, and it seeks to differentiate them from previous research.

If you have the right knowledge or rational perspective, on the contrary, we would like to analyze the degree of individual social responsibility and purchase intentions from an emotional perspective. Recently, the word social economy has begun to draw attention. If you search the economic terminology dictionary of the Korean Economic Daily, it means all activities based on mutual cooperation and social solidarity by social economic organizations to realize common interests and social values among members of society. This is a view that approaches the value of life as a win-win concept, away from competition and profit generation. Through this, we want to understand how willingness to participate in new trade chains while consuming fair trade products affects consumption patterns. At the same time, we will also look at how purchasing experiences such as coffee and chocolate, a well-known fair trade product, affect the intention of purchasing handmade products, a new product line.

Finally, the purchase of goods is closely related to the price of goods, whether in the form of traditional trade or fair trade. We would like to find out the intention of paying premium prices based on the purpose of purchase, which is a major factor in determining consumption. We would like to

pursue differentiation from existing studies by studying together whether there are differences between groups and how actual payment prices vary depending on when an individual consumes as a gift to others. We also look at the intention of purchasing fair trade hand-made products as the mediator that affect premium prices as dependent variables. This will provide an opportunity to explore how purchasing intentions affect as the mediator.

2. Literature Reviews

2.1. The flow of fair trade research

Prior studies have analyzed various factors that affect the purchasing intentions or purchasing behavior of fair trade products, especially their approach to ethical and normative aspects of consumption. The limitation of these studies is that most of them have fair trade coffee as the products they study or do not specify a specific product line. Therefore, in this study, we would like to conduct a study on hand-made products, not coffee products.

A recent overseas paper on fair trade, which deals with ethical normative aspects, discusses the concept as a more extended concept rather than just ethical behavior. It studies whether fair trade or purchases linked to charity activities give market influence (PMI) in connection with ethical considerations, or changes in market influence depending on the hedonic or practical aspects of ethical consumption (Leary, Vann, & Mittelstaedt, 2019).

Another dimension was the randomness of the consumer being studied. Previous studies usually selected respondents who already had experience purchasing fair trade products, therefore these results may lead to sample biased. Accordingly, a survey of Michigan households in the U.S. was conducted by random mail and a study found the implications (Taylor & Boason, 2014). These results confirm that the survey results may vary significantly depending on the survey subjects, and that subsequent comparative studies are required due to differences in demographic and random surveys relating to fair trade.

2.2. Awareness of fair trade and possession of the right knowledge

According to a six-year online survey of adult men and women aged 19 or older conducted by Micro Embrain, 83.3 percent said they knew about fair trade, 26.1 percent said they knew what it meant, and 16.7 percent said they had never heard of it. About the content of fair trade, 85.4 percent answered "trade in which workers in the third world with low wages pay fair prices and buy raw materials".

It is also necessary to analyze the extent of knowledge of

fair trade through prior research, i.e., the degree of awareness, whether there is a difference in knowledge of the significance of fair trade. This is because they tend to answer that they know vaguely about concepts that they do not know. Thus, recognition and knowledge were studied separately.

2.3. Individual social responsibility

Corporate Social Responsibility (CSR) is a concept that has been around for a long time. First defined by Bowen in 1953, this concept refers to the obligation of an entity to pursue and achieve desirable policies from a social objective or value perspective.

In a similar light, we have defined the concept of allowing an individual's economic consumption to be carried out under economic and ethical responsibility as individual social responsibility. There is a difference that the concept of broader meaning is applied beyond the limitations of ethical responsibility already studied. This can also be used as a high-level concept of behavior beyond individual consumption needs and value-seeking behaviors to the extent that everyday actions and decisions to contribute to the development of developing countries are responsible for the impact on economic, social and environmental sectors.

2.4. Purchasing experience with fair trade general product lines

Research on the purchasing experience of fair trade products and related information needs shows that purchasing experiences lower information needs compared to those with no experience (Ryu & Lee, 2013). The paper is a study of university student consumers, which explains that if you purchase fair trade products as part of ethical consumption, you will not have enough experience purchasing products when you have no income.

Fair trade products are also being purchased by a small number of consumers who perceive themselves as 'ethical'. Under ethical attitudes, consumer attitudes, subjective norms and perceived behavioral control factors have been proven in many studies as strong predictors of purchasing intentions, and as a result, the more positive the consumer is about fair trade coffee (You & Noh, 2011). However, purchasing attitudes and purchasing experiences can be viewed as different concepts, and the paper states that they are not studied. The researcher noted that in subsequent studies a process is needed to verify that there is a difference in consumer response to fair trade coffee depending on whether it is purchased or not.

2.5. Personal consumption and gifts from others

People often tend to make careful decisions when

purchasing gifts as consumption for others. As such, gift purchases often occur in everyday life, but they go through a more complex process of recognition than consumption for individuals (Tak, Sung, & Sung, 2017). And it is very natural to choose the beneficiary of a gift first in determining it (Gino & Flynn, 2011). Therefore, in this study, the recipients of gifts were divided into senior citizens older than me, younger subordinates, and the same age group that I am friends with. This is expected to provide significant results when analyzing the range of premium price payments conducted in further studies.

2.6. Willingness to pay premium prices

The willingness to pay premium prices has been suggested to the extent that companies are willing to pay excessive prices for similar commodity prices for fair trade products (Park & Lee, 2012). Research shows that high confidence in fair trade products is more likely to pay premium prices than purchase intentions. This means that if we can produce fair trade products and build trust, we can set the cost of our production at a premium price for fair trade products.

The intention to pay premium prices has been shown to be heavily affected by risks such as financial risk and performance risk (Dick & Richardson, 1995). In addition, consumers expressed their willingness to purchase products at premium prices as quality differences, brand new, and the lower the risk of not delivering the expected value.

In this study, consumers were divided into purchasing fair trade hand-made products for personal use and purchasing them as gifts for others, suggesting in what circumstances consumers would pay a higher amount. This is expected to look at the scope of paying premium prices for each purpose of purchase in Korea's social context of caring for others.

3. Research Model & Hypotheses

3.1. Research Model

In this study, we will look at the factors that affect the purchase of fair trade hand-made products at premium prices. To this end, it is intended to establish a hypothesis and verify how the ownership of fair trade definition, individual social responsibility, and purchasing experience of general products affect the purchasing intent of fair trade hand-made products for each purchase purpose. We also look at whether the intention of purchasing hand-made products affects the dependent premium price as the mediator. It also analyzes whether the purpose of the purchase differs in the willingness to pay premium prices between different groups, and finally

examines how each independent variables affect premium prices. The research model is shown in Figure 1.

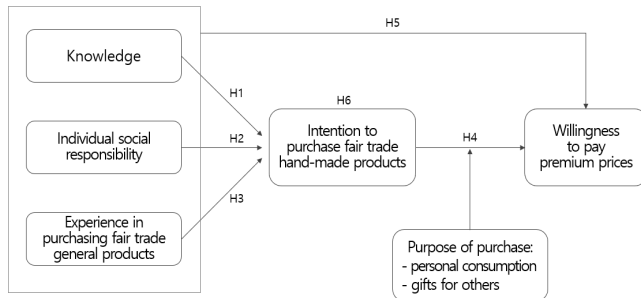


Figure 1: Research Model

3.2. Hypotheses

First, the hypothesis was established to understand how having the right knowledge affects the purchase intention of fair trade hand-made products. In previous studies, we analyze the effect of recognition of fair trade on purchasing intentions (You, 2012; Hong, 2012). Recognition in general has been mentioned in many papers, but it was considered different from knowing, grasping and consuming the exact meaning of fair trade. An existing paper that mentions the exact meaning of fair trade, or knowledge, describes knowledge in conjunction with the means of securing information and the time it takes, explaining that increasing knowledge levels may have an indirect effect on having the intention to pay premiums (You & Park, 2012). In this study, we intend to analyze the intention of purchasing unfamiliar fair trade hand-made products in connection with knowledge compared to general product groups such as coffee, sugar, etc. The following hypothesis was established to assess the impact of purchasing hand-made products on the assumption that consumers who are correctly aware of the definition of fair trade would be more aware of the purchase of hand-made products because they are not readily accessible.

H1-1: Having the right knowledge of fair trade will have a positive impact on the intention of purchasing fair trade hand-made products for personal consumption.

H1-2: Having the right knowledge of fair trade will have a positive impact on the intention of purchasing fair trade hand-made products as gifts for others.

Individual Social Responsibility is incorporated into this study, which brings the above concept to the perspective of the individual. If you look at the literature on consumer behavior over the past century, it deals with a new trend in ethical consumption. Therefore, based on the extent to which

daily actions such as resonance and altruism affect the development of the world, it is hypothesized that the higher the value of individuals' social responsibilities, the higher the intention to purchase fair trade hand-made products for each purpose of purchase.

H2-1: The stronger an individual feels social responsibility, the more positive the intention of purchasing fair trade hand-made products for personal consumption will be.

H2-2: The stronger an individual feels social responsibility, the more positive the intention of purchasing fair trade hand-made products for gift from others will be.

Consumers who have purchased general products of fair trade thought that they would have relatively higher awareness, interest and accessibility to products of fair trade hand-made industries than they would otherwise have. In addition, as stated in the theoretical background, we look at the reasons for purchase, i.e. whether there is a difference in the willingness to purchase, especially handmade products, because they require separate efforts to access products compared to other products such as coffee and sugar. Therefore, this study seeks to derive new implications for whether purchasing experience will affect purchasing intentions.

H3-1: The more experience in purchasing fair trade general products, the more positive the intention of purchasing fair trade hand-made products for personal consumption.

H3-2: The more experience you have in purchasing fair trade generic products, the more positive you will have in purchasing fair trade hand-made products for gifts from others.

Before analyzing the mediator, we first look at the impact of the intention of purchasing fair trade hand-made products on the willingness to pay premium prices. The purpose of this purchase is whether it is for oneself or for others. People tend to be more interested in creative, positive information when making decisions for others than when making decisions for themselves (Polman & Emich, 2011; Polman, 2012). This shows that there is a tendency to make a variety of choices instead of rational ones when purchasing products for gift use (Ratner & Kahn, 2002). Therefore, it is hypothesized that the intention of purchasing fair trade hand-made products, which may feel somewhat more expensive than ordinary products, will differ between purchasing for personal consumption and purchasing as gifts for others.

H4: There will be differences in the willingness to pay premium prices between groups purchasing fair trade

hand-made products for other futures and those purchasing for personal consumption.

We also want to identify and compare whether an independent variable directly affects the willingness to pay a premium price that is a dependent variable. To clearly analyze the relationship between independent and dependent variables, the following hypotheses were established:

H5-1: Having the right knowledge of fair trade will have a positive impact on the willingness to pay premium prices.

H5-2: Individuals' social responsibilities will have a positive impact on their willingness to pay premium prices.

H5-3: The experience of purchasing fair trade general products will have a positive impact on the willingness to pay premium prices.

Finally, we would like to understand whether each independent variable has an impact on the willingness to pay premium prices and whether the intention to purchase fair trade handmade products plays a role as a mediator. In this case, we analyzed whether or not the purchase intention itself is mediated by the purchase intention of the entire fair trade manual product as a variable, and examine whether the purchase intention itself plays a role in the formation of premium prices regardless of personal consumption or gifts for others. Therefore, the correct knowledge, individual social responsibility, and experience in purchasing fair trade general products were set as independent variables. The intention to pay the premium price is set as a dependent variable. The intention of purchasing fair trade hand-made products has been hypothesized as the mediator.

H6-1: The intention of purchasing fair trade hand-made products will play a role as a mediator in determining having the right knowledge of fair trade to pay premium prices.

H6-2: The intention of purchasing fair trade hand-made products will play a role as a mediator in determining individual social responsibility to pay premium prices.

H6-3: The intention of purchasing fair trade hand-made products will play a role as a mediator in determining the experience of purchasing fair trade general products to pay premium prices.

In addition, premium prices are the price differences that consumers are willing to pay when they want to buy even though they tolerate price differences with other products of the same kind. At this time, we would like to compare with similar products to see if they are willing to pay a relatively high price.

Table 1: Hypotheses and Test Results

Classification		Hypothesis Content	Result
IV	H1-1	Having the right knowledge of fair trade will have a positive impact on the intention of purchasing fair trade hand-made products for personal consumption.	Rejected
	H1-2	Having the right knowledge of fair trade will have a positive impact on the intention of purchasing fair trade hand-made products for gifts from others.	Rejected
	H2-1	The stronger an individual feels social responsibility, the more positive the intention of purchasing fair trade hand-made products for personal consumption will be.	Adopted
	H2-2	The stronger an individual feels social responsibility, the more positive the intention of purchasing fair trade hand-made products for gifts from others will be.	Adopted
	H3-1	The more experience in purchasing fair trade general products, the more positive the intention of purchasing fair trade hand-made products for personal consumption.	Adopted
	H3-2	The more experience you have in purchasing fair trade generic products, the more positive you will have in purchasing fair trade hand-made products for gifts from others.	Rejected
Group	H4	There will be differences in the willingness to pay premium prices between groups purchasing fair trade hand-made products for other futures and those purchasing for personal consumption.	Adopted
DV	H5-1	Having the right knowledge of fair trade will have a positive impact on the willingness to pay premium prices.	Rejected
	H5-2	Individuals' social responsibilities will have a positive impact on their willingness to pay premium prices.	Adopted
	H5-3	The experience of purchasing fair trade general products will have a positive impact on the willingness to pay premium prices.	Adopted
Mediator	H6-1	The intention of purchasing fair trade hand-made products will play a role as a mediator in determining having the right knowledge of fair trade to pay premium prices.	Rejected
	H6-2	The intention of purchasing fair trade hand-made products will play a role as a mediator in determining individual social responsibility to pay premium prices.	Adopted
	H6-3	The intention of purchasing fair trade hand-made products will play a role as a mediator in determining the experience of purchasing fair trade general products to pay premium prices.	Adopted

4. Data and Research Methodology

4.1. Data

This study collected relevant data by distributing self-contained questionnaires online to consumers over the age of 19 to analyze the intention of purchasing fair trade hand-made products and the factors of the premium pricing. Prior to this survey, a preliminary survey was conducted on about 30 consumers by completing a questionnaire containing measurement items before the survey was conducted. This survey was conducted on 231 respondents from November 15 to 22, 2019. A total of 230 copies were used as basic data for the final analysis, excluding one response that was not 19 years old or older among the survey subjects.

4.2. Measure

The questionnaire consisted of questions measuring the correct knowledge of fair trade, individual social responsibility and purchasing experience of general fair trade products. Knowledge and purchase experience variables were measured by asking 'yes or no'. Other factors consisted of a five-point Likert method of "very much so" to "not at all".

4.2.1. Knowledge

Knowledge of fair trade is a variable that seeks to determine whether a consumer has the right definition of fair trade. Recognition of fair trade was measured as 'I know', 'I don't know', and 'I've heard of it, but I don't know'. The definition items were measured by applying and modifying the ten principles of fair trade based on the eight criteria presented in the previous study (Becchetti & Rosati, 2007).

4.2.2. Individual Social Responsibility

It is based on the study of Park and Lee (2012), who studied corporate social responsibility activities to measure individual social responsibility, and Choi (2019), who studied social altruism.

4.2.3. Purchase Experience

The products presented in the experience of purchasing fair trade products were limited to those surveyed in the use/purchase status of fair trade products presented by Min et al. (2012).

4.2.4. Fair Trade Purchase Intention

The intention to buy is the consumer's planned or planned

future behavior, and can be viewed as the probability that beliefs and attitudes will be transferred to behavior (Blackwell, Miniard, & Engel, 2006). This was surveyed by modifying the measurement items for purchase intentions presented by Min et al. (2012) to suit fair trade hand-made products.

4.2.5. Willingness to Pay Premium Prices

It is assumed that the intention to purchase products varies depending on whether they are for personal consumption or gifts for others. The item was constructed on the assumption that the price of the premium to be paid would also change.

5. Analysis

5.1. Reliability and Validity

Validity was determined through factor analysis. In this study, the factor extraction criterion was set above eigenvalue 1 and the varimax orthogonal transfer method was used to simplify factor loadings. The factor loadings were based on 0.5 or higher.

Next, the reliability of the measured variables was verified. The validation measured the Cronbach alpha coefficient to determine the internal consistency of the variables. All variables are at their lowest of .872 to highest .904 is represented, thus achieving internal consistency.

Among the independent variable factors, whether fair trade was recognized was 3.13 on a five-point scale. Thus, above the average of four points, it was treated as "I know" and below four points as "I don't know". Whether or not they have the right knowledge of fair trade has been answered by responding multiple times among ten fair trade principles, and if four or more of the five choices are correct, they are treated as "knowledge". Less than four cases were classified as "no knowledge".

5.2. Hypothesis Tests

[Hypothesis1, Hypothesis2, & Hypothesis3]

Multiple regression analysis was conducted to test how fair trade knowledge affects the purchase intention of fair trade hand-made products. The analysis results are Table 2 and Table 3.

Hypothesis tests show that in terms of individual consumption, individual social responsibility and purchasing experience of general fair trade products have a definitive effect on the intention of purchasing fair trade hand-made products, while whether fair trade is recognized or correctly

knowledgeable. In addition, when gifts are given to the same age, older adults, and younger person, only individual social responsibilities have a definitive effect on the intention of purchasing fair trade handmade products. In summary, H2-1, H2-2, and H3-1 hypotheses were adopted, while H1-1, H1-2, and H3-2 hypotheses were rejected.

[Hypothesis4]

The analysis was conducted to prove that there is a difference in the willingness to pay premium prices between groups when purchasing fair trade hand-made products as gifts for others and when purchasing them for personal consumption.

An ANOVA analysis was conducted to determine whether there was a difference in the willingness to pay premium prices between the two groups.

The analysis adopted the hypothesis that there is a difference between groups because the significance probability is .000, which is greater than the significance level. In other words, the intention to pay the premium price can be explained as a difference between another person's

gift and personal consumption. This means that the willingness to pay premium prices varies depending on whether it is an individual's consumption or another's consumption.

[Hypothesis5]

A regression analysis was conducted on the recognition of fair trade, the right knowledge, individual social responsibility, and how the experience of purchasing fair trade general products affected the willingness to pay premium prices. The results are summarized in Table 5.

Hypothesis tests show that individuals' social responsibility and experience in purchasing fair trade general products have a positive impact on their willingness to pay premium prices. However, it has been analyzed that whether having the right knowledge does not affect the willingness to pay premium prices. As a result, H5-1 was rejected, and H5-2 and H5-3 were adopted.

This means that the higher the individual's social responsibility and experience in purchasing fair trade products, the more willing he is to pay premium prices.

Table 2: Independent variables → Intention to purchase fair trade hand-made products for personal consumption

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	F	Model's Sig.
	B	Std. Error	Beta				
(Constant)	-.111	.146		-.759	.449	14.702	.000
A. Fair trade cognition	-.103	.133	-.051	-.778	.437		
A-1. Right knowledge	.184	.163	.070	1.129	.260		
B. Individual social responsibility	.407	.064	.407	6.321	.000		
C. General product purchase experience	.130	.062	.130	2.117	.035		
DV: Intention to purchase fair trade hand-made products for personal consumption, Adjusted R ² :.193, ***P<.01							

Table 3: Independent variables → Intention to purchase fair trade hand-made products for other people's gifts

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	F	Model's Sig.
	B	Std. Error	Beta				
(Constant)	-.124	.150		-.828	.409	11.506	.000
A. Fair trade cognition	.013	.136	.006	.096	.924		
A-1. Right knowledge	.144	.167	.055	.864	.389		
B. Individual social responsibility	.362	.066	.362	5.489	.000		
C. General product purchase experience	.100	.063	.100	1.581	.115		
DV: Intended purchase of fair trade hand-made products for other people's gifts, Adjusted R ² :.155, ***P<.01							

Table 4: Intention to purchase fair trade hand-made products (personal consumption or other gifts) → Willingness to pay premium prices

	Sum of Squares	df	Mean Square	F	Model's Sig.
Intergroup	43.385	1	43.385	53.292	.000
Within a group	185.615	228	.814		
Sum	229.000	229			

Table 5: Independent variables → Willingness to pay premium prices

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	F	Model's Sig.
	B	Std. Error	Beta				
(Constant)	-.104	.146		-.711	.478	15.071	.000
A. Fair trade cognition	.047	.132	.023	.354	.723		
A-1. Right knowledge	.103	.162	.039	.635	.526		
B. Individual social responsibility	.308	.064	.308	4.804	.000		
C. General product purchase experience	.257	.061	.257	4.180	.000		
DV: Intention to pay premium price, Adjusted R ² :.197, ***P<.01							

Table 6: The mediated effect of fair trade products purchasing intentions

Independent/Mediating/Dependent Variables	Mediated Effect Test Steps	Standardized Beta	t value	p value	R ²	
Fair trade awareness/Purchase intention for fair trade hand-made products/Willingness to pay premium prices	Step 1	.157	2.393	.018	.025	
	Step 2	.188	2.884	.004*	.035	
	Step 3	IV	.100	1.836	.068	.338
		Mediator	.557	10.180	.000*	
Fair trade right knowledge/Purchase intention for fair trade hand-made products/Willingness to pay premium prices	Step 1	.138	2.104	.036	.019	
	Step 2	.115	1.755	.081	.013	
	Step 3	IV	.037	.667	.499	.329
		Mediator	.567	10.336	.000*	
Individual social responsibility/Purchase intention for fair trade hand-made products/Willingness to pay premium prices	Step 1	.419	6.966	.000*	.175	
	Step 2	.381	6.219	.000*	.145	
	Step 3	IV	.171	2.907	.004*	.352
		Mediator	.501	8.511	.000*	
Fair trade general product purchase experience/Purchase intention for fair trade hand-made products/Willingness to pay premium prices	Step 1	.189	2.908	.004*	.036	
	Step 2	.331	5.304	.000*	.110	
	Step 3	IV	.231	4.347	.000*	.379
		Mediator	.529	9.930	.000*	

[Hypothesis6]

Finally, it was conducted using the three-step mediated regression analysis technique proposed by Baron and Keeny (1986) to analyze the mediated effect of purchasing fair trade hand-made products.

The intention of purchasing fair trade hand-made products was to verify the degree of knowledge of fair trade, individual social responsibility, and the impact of purchasing fair trade general products on the willingness to pay premium prices. The analysis results are as shown in Table 6.

In conclusion, studies on whether independent variables are intended to influence the willingness to pay premium prices have shown that they only play a role in considering individual social responsibilities and experience in purchasing generic products. It has also been confirmed that independent variables, such as individual social responsibility and experience in purchasing general products, affect dependent variables, such as willingness to pay

premium prices. In other words, it can be explained that the purchase intention of fair trade hand-made products is to have the effect of partial mediation, as independent variables affect dependent variables without the mediator, rather than full mediation that affect dependent variables.

[Identify Premium Pricing Amount]

In this study, traditional trade products and fair trade products on sale were presented and additional surveys were conducted on the amount of willingness to pay for them.

On average, the respondents were willing to pay 4,511 won for purchasing fair trade handicraft products for themselves, 4,678 won for friends, 5,583 won for adults, and 4,566 won for younger person. When choosing a gift for an adult, it was determined that the consumer was willing to pay the highest amount.

If the consumer is willing to pay an additional premium, the minimum and maximum values range from at least 500

won to at least 45,000 won. There were also participants who said they were willing to pay up to five times the price of the existing market at premium prices on the premise that quality was guaranteed quality.

6. Conclusions

6.1. Summary of the Research Results

First, the analysis was conducted in anticipation that the variables known and the variables securing the right knowledge would make a difference in shaping purchase intent by purchase purpose, but as a result, both variables were rejected as a result of multiple regression analysis. The two independent variables did not affect the intention of purchasing fair trade hand-made products, whether they were consumption for individuals or gift purposes for others. Next, the hypothesis was established that an individual's social responsibility would affect the purchase intention, and that hypothesis was adopted. It is identified as an independent variable that affects both personal consumption and the purpose of purchasing futures. Finally, it is hypothesized that the impact of purchasing experience of other fair trade products on purchasing intentions will also affect both purchasing purposes. However, it was analyzed that the intention to purchase fair trade hand-made products for personal consumption was affected, but not as a gift to be delivered to others.

A one-way distribution analysis was conducted to see if there is a difference in premium payment intention between groups that purchase for personal consumption and groups that purchase for other people's gifts. As a result, there was a difference between groups. This analysis laid the theoretical foundation for analyzing the actual amount of willingness to pay for each purpose of the last premium price conducted.

It also established a hypothesis that the intention to purchase fair trade hand-made products will play a role as a mediator in the relationship between whether the independent variable has the right knowledge, individual social responsibility, and the experience of purchasing fair trade general products. The analysis showed that two variables, individual social responsibility and purchasing experience of fair trade general products, have mediated effects on the willingness to pay premium prices.

The last part of this study that we wanted to confirm was information about the amount of premium payments. We asked how much they were willing to pay premium prices for fair trade products compared to traditional trading products worth 9,000 won. In response, 107 out of 230 respondents (47%) expressed their intention to pay approximately 3,000 won additionally, while 34 (15%) expressed their opinion that they would pay approximately 6,000 won for the

purchase. It was also confirmed by the average amount of premium price expected to be paid for different purposes, generally showing a higher willingness to pay when it was a gift for others. Consumers were also willing to offer higher amounts of gifts when those were for adults. This is analyzed to be more willing to pay premium prices if they need to be politer.

6.2. Implications

Academic implications are as follows.

First, it is not an important factor for consumers who purchase fair trade hand-made products whether they know the meaning of fair trade or whether they understand the exact meaning of fair trade. According to research based on other existing product lines, whether or not fair trade is recognized has a positive impact on purchasing intentions. On the other hand, a survey of hand-made products showed that whether it is recognized or whether it has accurate knowledge of the definition of fair trade does not affect the intention to purchase.

Second, the social responsibility factor of individuals further affects the intention to purchase fair trade and hand-made products and the formation of premium prices. This was also meaningful when approached with higher concepts such as global growth and contribution to society, going beyond the scope of existing research, which was approached only by ethical aspects.

Third, there was a difference in willingness to pay premium prices between groups that buy gifts for others and groups that purchase fair trade hand-made products as consumption for individuals. There have been many studies on factors that affect purchasing intentions and premium payment intentions in many studies on fair trade, but the analysis by purchase objective is meaningful in this study.

Fourth, whether consumers have the right knowledge of fair trade does not affect their willingness to pay premium prices. It has been confirmed that knowledge is intangible and is not an important factor to be considered in paying premium prices because it is a form that is not revealed to the outside world before individuals mention it. Conversely, individuals' social responsibility and experience in purchasing general products have been shown to have a positive impact on their willingness to pay premium prices.

Fifth, it has been analyzed that individual social responsibility and purchasing experience of general fair trade products have a partial parametric effect on the purchase of fair trade products in affecting premium pricing, meaning that there is an interaction between variables.

The practical implications are as follows:

As we have seen earlier, the intention of purchasing fair trade hand-made products has resulted in different results

from the intention of purchasing conventional general products such as coffee and cocoa. From a management practical point of view, it can be understood that a different approach is needed to induce consumers to purchase relatively unfamiliar fair trade hand-made products.

In order to increase the recognition and sales rate of fair trade hand-made products, efforts should be made to actively utilize individual social responsibility analyzed to affect purchasing intentions and purchasing experience of other fair trade products. Therefore, it is necessary to tell a story about the product so that consumers can feel closer to it and provide weight to a larger concept beyond the individual level, the society in which we live well together.

Based on research done by previous purchasing experiences that affect the purchasing intent of new products, sales can be increased through marketing methods that increase accessibility by promoting hand-made products to consumers who have purchased other fair trade products or displaying them simultaneously.

Depending on the implications of the study, it is necessary to separately organize and manage consumption for myself and products for others. This is because the intention to pay premium prices has changed depending on the purpose of purchase. Therefore, it can be a way to sell hand-made products sold as fair trade as gifts or to wrap them up as gifts for superiors during holidays where gifts are exchanged in Korea.

Finally, in order to contribute to achieving the virtuous cycle of the economy by increasing premium prices, the purchase intention of the mediator fair trade hand-made products should be activated. It is necessary to strengthen the connection between companies that currently sell fair trade handicraft products and companies that sell other products, and to actively promote which products are sold as fair trade handicraft products.

6.3. Limitations and Future Directions

The limitations of this study and suggestions for subsequent studies are as follows. First of all, the survey samples are not normally distributed in this study. Therefore, subsequent studies will require studies that construct samples as normal distributions.

Second, many studies of fair trade handicraft products conducted overseas have been conducted as case studies, but there are not many cases analyzed in Korea, and the current status can be determined only by interviews from newspapers or broadcasting stations. Therefore, it will be necessary to provide information to support this quantitative study by examining the trade types and examples of companies that sell hand-made products among fair trade companies that are actively operating.

Third, hand-made production is a product that has high

participation of women and can support women's economic activities. In particular, in developing countries, hand-made production greatly affects women's economic independence and the existence of families. Research related to this is not conducted in this study because it is necessary to approach the issue of gender from a social perspective. Therefore, it would be meaningful to conduct research on fair trade hand-made products with a focus on women.

References

- Becchetti, L., & Rosati, F. C. (2007). Global social preferences and the demand for socially responsible products: Empirical evidence from a pilot study on fair trade consumers. *The World Economy*, 30(5), 807-834.
- Blackwell, R. D., Miniard, P. W., & Engel, J.F. (2006). Consumer behavior. 10th ed. Thomson Higher Education, Mason, Ohio.
- Bowen, H. R. (1953). Social Responsibility of the Businessman. New York: Harper and Row.
- Choi, Y. N. (2019). The study on the influence of social capital on participation in social economic organization. *Social Economy & Policy Studies*, 9(2), 1-32.
- Dick, A., Jain, A., & Richardson, P. (1995). Correlates of store brand proneness: Some empirical observations. *Journal of Product & Brand Management*, 4(4), 15-22.
- Fair Trade Organization (2018). Annual Report 2017-2018. Fair Trade Organization(FTO).
- Gino, F., & Flynn, F. J. (2011). Give them what they want: The benefits of explicitness in gift exchange. *Journal of Experimental Social Psychology*, 47(5), 915-922.
- Hong, S. H. (2012). A study on perceptions and purchase intention on fair-trade products of Korean university students. *International Commerce and Information Review*, 14(4), 109-130.
- Leary, R. B., Vann, R. J., & Mittelstaedt, J. D. (2019). Perceived marketplace influence and consumer ethical action. *Journal of Consumer Affairs*, 53(3), 1117-1145.
- Lee, T. R. S., & Lee, H. C. (2019). Determinants of valuation and estimation of willingness to pay for fair trade coffee. *Food Service Industry Journal*, 15(2), 141-150.
- Min, D. G., Kim, S. A., Kwon, K. D., Kim, D. B., & Lee, I. J. (2012). The effect of attitude and purchase intention on multidimensional consumption values of fair trade product. *Korean Corporation Management Review*, 19(4), 139-156.
- Park, H. J., & Lee, S. H. (2012). Relationship among corporate social responsibility, trust in fair trade certified products, purchase intention and willingness to pay a premium price. *Journal of Product Research*, 30(7), 103-122.
- Polman, E. (2012). Effects of Self-other decision making on regulatory focus and choice overload. *Journal of personality and social psychology*, 102(5), 980-993.
- Polman, E., & Emich, K. J. (2011). Decisions for others are more creative than decisions for the self. *Personality and Social Psychology Bulletin*, 37(4), 492-501.
- Ratner, R. K., & Kahn, B. E. (2002). The impact of private versus public consumption on variety-seeking behavior. *Journal of Consumer Research*, 29(2), 246-257.

- Ryu, M. H., & Lee, S. S. (2013). A Study on information needs according to purchase attitude and intention of fair trade products. *Journal of Consumer Policy Studies*, 44(1), 1-26.
- Tak, H. A., Sung, Y. J., & Sung, Y. S. (2017). The effects of self-construal on gift-giving consumption. *The Korean Journal of Consumer and Advertising Psychology*, 18(4), 587-607.
- Taylor, J. E., & Boasson, V. (2014). Who buys fair trade and why (or why not)? A random survey of households. *Journal of Consumer Affairs*, 48(2), 418-430.
- You, S. Y. (2012). Ethical purchase gap of the fair trade coffee. *Journal of Consumer Policy Studies*, 41, 1-18.
- You, S. Y., & Noh, M. N. (2011). Purchase intention of the fair trade coffee. *Korean Journal of Agricultural Economics*, 52(3), 1-23.
- You, S. Y., & Park, J. H. (2012). Study of willingness to pay premium and purchasing cost of an ethical product with considering the treatment effect of consumer knowledge. *The Korean Journal of Community Living Science*, 23(3), 291-305.