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Building Brand Reputation through Third Party Endorsement: The First Forms of Fair Trade in British Chocolate

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This study looks at the evolution of the British chocolate industry from the 1860s to the 1960s, a period when it was dominated by Quaker businesses - Cadbury and Rowntree, and their predecessor Fry's. It provides evidence of early forms of fair trade by these Quaker businesses showing that they carried out social change and contributed to improving living standards and long-term sustainable economic growth in developing countries before the Fair Trade Movement took off from the 1970s. It argues that when the mechanisms for enforcing food standards were weak and there were no certification bodies, the Quaker ‘Society of Friends’ acted as an indirect independent endorser, reinforced the imagery and reputation of the brands owned by Quaker firms, associating them with purity and quality, and also honest and fair trading.

1. Introduction

This study looks at the evolution of the British chocolate industry from the 1860s to the 1960s. It covers the period after the establishment of the Anti-Slavery Society, often acknowledged to have been a first step towards the Fair Trade Movement, and prior to the 1970s, when the Fair Trade movement is considered to have taken off.¹

¹ Thomas Clarkson, A Portrait of the Rise, Progress and Accomplishments if the Abolition of Slave Trade (London, 1968); Christopher L. Brown, Moral Capital: Foundations of British
The paper has three main aims. The first is to analyse if Quaker business practices between the 1860s and 1960s should be acknowledged in discussions on the development of the Fair Trade movement. The second is to distinguish and contrast the different types of endorsement strategies used by firms in the British chocolate industry over time, and highlight how they impact on building the reputation of brands. The third is to investigate how indirect endorsement of brands by third parties works.

The reputation of a firm can be observed through the multiple ways stakeholders relate to it. By nature, reputation is a mediated form of information. It helps people deal with issues associated with uncertainty and information asymmetry as no one can have complete information about firms and their brands. In order to facilitate economic relations and improve performance, firms usually create favourable reputations for their brands. Brand reputation can rely on the tangible characteristics of products such as performance or design, or on intangible characteristics such as imagery, identity, and core values. Brand endorsement forms part of these strategies aimed at building brand reputation, and also helps to simplify purchase decisions by consumers, based on their knowledge and trust for the endorser, usually someone with particular characteristics with which consumers identify with. The reputation of a brand is therefore the outcome of a process of endorsement. It becomes a concept that is socially constructed by a specific group of stakeholders about its attractiveness in relation to a group of competitor brands. A positive brand reputation can become a key source of long-

——— Abolitionism (Chapel Hill, 2006); Matthew Anderson, A History of Fair Trade in Contemporary Britain: From Civil Society Campaigns to Corporate Compliance (Basingstoke, 2015).


3 A brand is a name, term, symbol or design (or combination of these) used by an institution to identify its goods or services and differentiate them from competition. Teresa da Silva Lopes, Global Brands – The Evolution of Multinationals in Alcoholic Beverages (New York, 2007).

term competitive advantage for firms, justifying strong investments in advertising and in the hiring of celebrities to endorse brands, in public relations initiatives, in lobbying, and in the use of other media communications professionals.\(^5\)

Firms can endorse brands directly or indirectly. In direct firm endorsement well-known entrepreneurs, the founders of firms, or celebrities, are often used in advertising and public relations activities to help build the reputation of their brands.\(^6\) Indirect firm endorsement occurs when firms hire a celebrity, or another third party with an established public reputation, as part of the process of building a reputation for their brand.\(^7\) But brands can also be endorsed independently of the firms that own them, by third parties. Independent third party endorsement can also be direct or indirect. Independent direct third party endorsement is tangible in its nature. It is associated with branded goods which meet certain pre-established standards. In these cases an endorsement or certification logo tends to feature on the label of the product, together with the brand name. An illustration is the


\(^5\) The process has been well explained in a number of historical works. See for example Pamela Walker Laird, Advertising Progress: American Business and the Rise of Consumer Marketing (Baltimore, 1998). Reputations are not always favourable. Enron is an illustration of how a strong negative reputation can be built in a short period of time. On this subject, see for example Christopher Kobrak, “The Concept of Reputation in Business History”, Business History Review 87 (Winter 2013): 769, 784.


fairtrade label. Independent indirect endorsement is intangible by nature. It does not appear written on the labels of products associated with particular brands. It acts indirectly through the knowledge the public, and in particular the consumer, has about the third party endorser and its association with the brand and the firm that owns it. An illustration of independent indirect endorsement is the brand ‘Duchy Originals’, originally associated with the British Royal Family, and also organic and sustainable foods of high quality. Duchy Originals is a British firm that produces high quality organic food and drink with the same brand name. The firm was originally set up by Charles, the Prince of Wales in 1990, and named after the Duchy of Cornwall Estates that are held in Trust by the Prince. Despite not mentioning on the label the royal connection, and now being owned by a partnership between Waitrose and the Duchy Originals company, the brand has always benefited from an indirect Royal connection, which contributed to the creation of brand reputation associated with quality, trust, and exclusivity.

This paper is organized in five parts. Following the introduction, section two provides an overview on the origins and importance of Quakers in British business, and assesses their moral and responsible practices in the chocolate industry. Section three provides evidence of early forms of fair trade practices carried out by the British chocolate Quaker firms in Africa and the Caribbean. Section four provides illustrations and analyses the alternative endorsement strategies used in the British chocolate industry over time. It also argues that newspapers are important mediators between the consumer and the firms, in the process of formation of brand reputation through third party endorsement. The last section provides insights on whether discussions on the global morality of business and the origins of the Fairtrade label.

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8 Fairtrade is a certification and labeling system. It goes beyond the manifest roles of communication between consumers and producer, and introduces elements of morality and socio-political regulation into business practices. It relies on principles of security, economic efficiency, trust, charity, social justice, and corporate reputation. EFTA – European Fair Trade Association, EFTA Yearbook: Challenges of Fair Trade 2001-2003 (Maastricht, 2002): 24.

Trade movement need to be placed in a longer time frame, taking into account the period before the 1970s. It also highlights how indirect endorsement can be an efficient alternative for building brand reputation.

2. Responsibility, Morality and Fairness in Chocolate

There is a growing literature which discusses the apparent paradox between capitalism, and responsibility and morality in business in the developed world since the eighteenth century. This literature points to a wide number of key motivations which have historically led firms to follow responsible practices. They are associated with early philanthropic activities of firms and entrepreneurs with ethics, morality, fairness, religion, human rights, and the long-term maintenance of economic, environmental and social well-being. Early philanthropy is considered not to be a strategic action related to companies’ business objectives, but rather a voluntary act by corporations and entrepreneurs aimed to give back to societies, especially local communities, through the support of education, the arts, and general quality of life.

2.1 Philanthropy and Morality in Quaker Business

Quaker businesses were among the early philanthropists concerned with morality, ethics, fairness, human-rights, and the long-term maintenance of economic, and

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environmental and social well-being.\textsuperscript{13} They impacted on different areas of British society since the late seventeenth century.\textsuperscript{14} Quakerism developed as a puritan Christian sect, which dissented from the Roman Catholic Church and the established Church of England.\textsuperscript{15} Until the Repeal of the Test Act of 1828 Quakers were rejected from holding civil positions and from attending university.\textsuperscript{16} This led them to focus all their efforts on business. Quaker entrepreneurs are considered to be behind the great innovations in iron production that built the industrial revolution. They dominated the list of top firms in Britain in the eighteenth century despite being a sect that only corresponded to 0.2 percent of the population. They are also associated with the development of mass-market consumer goods industries in Britain in the nineteenth century.\textsuperscript{17} They applied scientific principles to the development of processes, and systematically provided staff training through apprenticeships. They also built housing, villages, health, recreational facilities, canteens for their workers, and also created pension schemes, before most of the well known philanthropists.\textsuperscript{18} Together with philanthropists such as Andrew


\textsuperscript{15} Quakerism, was founded in the late 1640s as a Puritan sect in Britain by George Fox. Pink Dandelion, \textit{An Introduction to Quakerism} (Cambridge, 2007): 13-24.


\textsuperscript{18} “Friends Reading Society, Birmingham”, \textit{The Friend} 146 (February, 1855): 29; “Outsider Status Leads to the Inside Track”, \textit{The Financial Times} (11 July, 2007): 18; David Jeremy, “Ethics, Religion, and Business in Twentieth Century Britain”, in Richard Coopey and Peter
Carnegie Quaker entrepreneurs participated in diplomatic actions for peace and against slavery.\textsuperscript{19}

British Quaker businessmen were greatly influenced in their work ethics by the ethos and religious principles of the Society of Friends.\textsuperscript{20} The essential ethics of the Society of Friends since its creation was that wealth for its own sake was considered a sin, and work for its own sake a virtue, an end in itself, worth doing for its own sake, good for the soul, not for the acquisition of personal wealth.\textsuperscript{21} Capitalism was acceptable, but Quaker products had to be beneficial and useful to society and of good quality. British Quaker businessmen were among the first to set fixed and fair prices, and to respect delivery dates. They were often called to account before senior members of the Society of Friends for the conduct of their business affairs. This internal regulation proved to be extremely helpful, as it allowed Quaker businesses to follow business practices which contributed to the creation of a Quaker business identity near the public. It also enabled experienced Quakers to provide advice about business to Friends in need. The purpose was for personal failings of individual Friends and their businesses not to affect the collective reputation of honesty, morality and fairness of the Society of Friends and their members.\textsuperscript{22}

\textbf{2.2 British Quaker Chocolate Firms}

\begin{itemize}
\item \textsuperscript{19} “The Kaiser’s Twenty-Five Years”, \textit{The Friend} 25 (20 June, 1913): 408.
\item \textsuperscript{20} “Quakerism and Industry – Quaker Employers Conference”, The North of England Newspaper Co. (Priestgate, 11-14 April, 1918); “Quakerism and Industry – Quaker Employers Conference”, 22-25 April 1938 (D. McMichael, Birmingham, 1938) (Rowntree Archive, Borthwick Institute).
\item \textsuperscript{21} “Mr George Cadbury”, \textit{The British Monthly} (May 1901): 299-301 (FHL Press cuttings, BB199) (Cadbury Archive, Bournville).
\item \textsuperscript{22} James Walvin, \textit{The Quakers – Money and Morals} (London, 1998): 33, 72-75, 208-209. When fraud or improper conduct was discovered, the Society could be quite ruthless. Those whose behavior left something to be desired were visited, questioned, helped or excluded. David H. Pratt, \textit{English Quakers and The First Industrial Revolution} (New York, 1985): 115.
\end{itemize}
By the eighteenth century, cocoa was thought to have medicinal properties and to be a temperance drink, an alternative to alcohol. That made it an acceptable and attractive product for Quakers to manufacture. In Britain, a chocolate industry emerged and big businesses developed, essentially as a result of the activities of a few entrepreneurial Quaker families, Cadbury Brothers (Cadbury hereafter), and Rowntree & Co. (Rowntree hereafter), and also their predecessor J. S. Fry & Son (Fry hereafter). There are some common patterns in the way these companies developed and conducted their businesses, which help explain the similar reputations of their brands.

First, they all originated from Quaker entrepreneurs who started working as shopkeepers, and soon identified market opportunities, which they exploited. They did not necessarily develop new inventions, but were very entrepreneurial in the way they applied innovations often to grow their businesses. John Cadbury opened a tea and coffee shop in Birmingham in 1824. In 1831 he began manufacturing cocoa and chocolate for drinking. In 1861 his sons Richard and George took over the struggling business. The first major breakthrough took place in 1866 when the business began to use innovative technology imported from Holland, which enabled the production and sale of a pure ‘Cocoa Essence’ drink. Shortly thereafter, and responding to public concerns over adulterated foods, before the 1872 Adulteration of Food Act, another major breakthrough was the development of

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23 Cocoa is said to have been used in the production of chocolate in Central and Southern America before the Europeans discovered the cocoa bean in the sixteenth century. In the seventeenth and eighteenth centuries cocoa was sold as a drink to the upper classes, having been brought to Europe by the Spanish conquistadores, together with the knowledge of how to use it. Arthur W. Knapp, *Cocoa and Chocolate – Their History from Plantation to Consumer* (London, 1920): 5-16.


a cocoa butter by-product used as the basis for the production of various chocolate candies.\textsuperscript{27}

In 1919 Cadbury’s formally merged with Fry to form the British Cocoa & Chocolate Company, but the two firms continued to operate separately.\textsuperscript{28} Fry, which was also owned by a Quaker family, had identified unexploited market opportunities earlier in the mid-eighteenth century. It was the first large chocolate firm in Britain, beginning operations in 1751 in Bristol, a city that at the time played a significant role in England’s Atlantic trade, and where ships returned from the Caribbean with cocoa destined for local consumption. Fry initially sold cocoa as a medicine, but its consumption for pleasure gradually increased. The early investment in technology enabled the firm to produce fine and clean chocolate to greater purity than any other method in use in Britain at the time.\textsuperscript{29}

Rowntree’s has its origins in William Tuke & Sons of York, a Quaker family business renowned for being very active in the movement for against the production of goods using slave labour, in particular sugar.\textsuperscript{30} The cocoa and chocolate business of the Tuke family moved to the hands of Henry Rowntree, also a Quaker, in 1862, two years after he joined the business as a manager. In 1869 Joseph Rowntree joined his

\textsuperscript{27}Iolo A. Williams, \textit{The Firm of Cadbury, 1831-1931} (London, 1931): chapters 1 and 2.

\textsuperscript{28}“Preliminary Agreement of Fusion of Interests” and “Merger between Cadbury Brothers and J.S. Fry”, Deeds and Documents relating to the fusion of interests (1919), 190003901 (Cadbury Archive, Bournville); Chandler, \textit{Scale and Scope}: 246.


\textsuperscript{30}William K. Session and E. Margaret Sessions, \textit{The Tukes of York in the Seventeenth, Eighteenth and Nineteenth Centuries} (York, 1971); Clare Midgley, “Slave Sugar Boycotts, Female Activism and the Domestic Base of British Anti-Slavery Culture”, \textit{Slavery & Abolition} 17, no.3 (1996): 137-162; “An Address to the People of Great Britain, Proving the Necessity of Refraining from Sugar and Rum, in Order to Abolish the African Slave Trade” (London, 1791) (Library of the Society of Friends); Elizabeth Heyrick, \textit{Immediate, Not Gradual Abolition} (Philadelphia, 1837); Brycchan Carey and Geoffrey Plank (eds.), \textit{Quakers and Abolition} (Urbana, 2014).
brother as a partner. In 1883 Henry died leaving Joseph in sole control. Joseph recognised that cocoa was not simply a healthy temperance drink but a palatable and attractive commodity in its own right. In 1881, he manufactured the first ‘crystallised pastilles’, and from 1887 developed a new product ‘Rowntree’s Elect Cocoa’ known for its purity. In 1897 Rowntree & Co. became a limited company, with Joseph Rowntree as the first chairman.31

The second common pattern in the way these Quaker chocolate businesses developed relates to the way they steadily progressed over a period of two or three generations, but did not survive independently as they were acquired by leading food multinationals in the second half of the Twentieth century. Rowntree was acquired by Nestlé in 1987.32 Cadbury first merged with Schweppes in 1969, and was acquired by Kraft Foods in 2010.33 By the time the two Quaker firms were acquired by large multinational enterprises the businesses had become too large, and the Quaker principles of management had become blurred, as from the 1960s the majority of the shares of the two companies stopped being held by the families.34

The third common pattern relates to the fact that the main brands of the two firms, Cadbury Dairy Milk and Kit Kat, outlived the firms that created them, remaining leaders in their product categories to the present day. They are also now directly

endorsed by the Fairtrade Organization with the fairtrade label. Cadbury was the first big chocolate manufacturer to make a serious commitment to Fair Trade in 2009 and Kit Kat in 2010. Cadbury’s main chocolate brand, Cadbury’s Dairy Milk, was introduced in Britain in 1905. Despite several technological innovations in Britain, until then, the milk chocolate sold in Britain was essentially imported from Switzerland. The new chocolate bar, was based on a recipe more adapted to suit British tastes, having a higher proportion of milk than previous chocolate bars. Over the years a number of successful extensions were created such as Cadbury Dairy Fruit and Nut, in 1928, and Cadbury Dairy Whole Nut, in 1933. Kit Kat was launched in 1935, when Rowntree was going through financial difficulties. These difficulties were overcome by hiring new managers, non-family members, and by bringing in consultants, J. W. Thompson, to find the unique selling point and right marketing mix to sell their product. The chocolate bar was initially branded as Chocolate Crisp before being renamed Kit Kat in 1937. The aim was to create a line that did not directly compete with Cadbury Dairy Milk, but which also met emerging British chocolate tastes. While Cadbury had a broad range of products endorsed directly under the umbrella brand Cadbury, Rowntree had a narrow range of products, such as Kit Kat, Aero, Smarties, and Black Magic, each one with its own brand name.

37 However, the trademarks ‘Cadbury’ and ‘Cadbury Brothers’ were first registered in 1886 under numbers 53575 and 53576 in respect to cocoa and chocolate (class 42), with a user claim of about 20 years before the 13 August 1875 (*Trade Mark Journal - Britain*, 1886).
39 “Chairman’s Reports on York to General Board, 1933–1935,” R/B/2/2 (Rowntree Archive, Borthwick Institute); Memo “Cocoa” (29 November 1932); “Rowntree’s Cocoa” (16 August, 1932); Memo “Cocoa” (undated, ca. 1932-33), Rowntree, Box 293 (J. Walter Thompson, History of Advertising Trust).
40 The brand Kit Kat was first registered by Rowntree in 1911 and subsequently renewed in different periods (1925, 1939, 1953, 1967). "Register relating to applications for the Registration of Trademarks," R/DP/F/19 (Rowntree Archive, Borthwick Institute).
The fourth parallel in the way the two chocolate firms developed relates to their association with the Society of Friends. This translated in a paternalistic management style and transparent and fair relationships with multiple stakeholders, in particular their employees. They also engaged in a multitude of philanthropic activities. Despite being industry leaders, by the end of the nineteenth century, both businesses followed the moral and ethical principles and practices of the Society of Friends by using the wealth created by the businesses in a responsible way.\(^{42}\) This wealth was reinvested and used to build modern large factories outside towns, giving the employees and their families greatly improved working and living conditions.\(^{43}\) In developing countries where they procured raw materials, and as illustrated in the next section, they produced important economic, political and social reforms which contributed to long-term economic development.

3. Arguments for Proto-Fair Trade in Procurement

The Fair Trade Movement is considered to have developed in the late 1960s in Europe and the United States, with two main aims. In the developing world, the aim was to procure raw materials in a way that helps marginalized supplier producers and workers of raw materials move from a position of vulnerability to security and economic efficiency. In the developed world, the aim was to mobilize consumers to take purchase decisions based on trust and charity, relying on the direct certification of products by trusted third parties.\(^{44}\) There is some controversy about the practices of Quaker business against slavery and their use of imperial

paternalism in foreign markets. This section aims to provide evidence that Quaker businesses used their economic powers to carry out key international political, social, economic and environmental reforms, which even if not entirely in line with the current practices of Fair Trade, and with socially responsible business behaviour, can be considered quite radical for their times.

There is a wide literature which acknowledges the role of the Quakers in the abolition of slavery in the late seventeenth century. They were part of the group that formed the Society for the Abolition of Slave Trade in 1787, and also the Anti-Slavery Society established in 1839, three decades after Britain had banned its citizens from participating in the transatlantic slave trade, and a year after slavery ended in Britain's colonies. Through these societies Quakers publicly expressed their concerns with cruelty and ethical conditions under which labour was being carried out in several colonies in Africa and the West Indies and also in other parts of the world. The most well known example of this form of Christian moral critique of consumption is the boycott of slave produced sugar from 1791, where the Abolitionists encouraged consumers to switch to honey instead of sugar or to buy sugar from the East Indies which was free from slavery. Another example is the ‘Free Produce’ movement in the mid-nineteenth century Britain, aimed at

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46 See for example Suzanne Miers, Slavery in the Twentieth Century – The Evolution of a Global Problem (Walnut Creek, 2003): chapters 1 and 2.

47 Among the early critics of slavery is George Fox the founder of Quakerism. The aim for the creation of the Anti-Slavery Society was to campaign for the universal extinction of slavery and the slave trade, by moral, religious and pacific means. With the abolition of slavery in British Dominions this organization remained committed to abolish slavery worldwide. Kenneth L. Carroll, ‘George Fox and Slavery’, Quaker History 86, no. 2 (1997): 16-25. Amalia Ribi Forclaz, Humanitarian Imperialism: The Politics of Anti-Slavery Activism, 1880-1940 (Oxford, 2015); Patricia Hollis, Pressure from without in Early Victorian England (London, 1974).

stopping the production of garments that used slave cotton. As part of this movement Quaker entrepreneurs such as the Clarks family, founders of the leading British shoes multinational, expressed their anti-slavery commitment through free produce dress.49

In a similar way, most of the initiatives carried out by Quaker chocolate firms in developing countries in the late nineteenth century and early twentieth century were associated with their procurement of raw materials. Cocoa and other raw materials such as sugar were originally purchased by chocolate manufacturers through intermediaries in Britain, who imported those goods and sold them in major markets, such as London, Liverpool and Bristol. However, as British chocolate production and consumption expanded, major producers started procuring raw materials directly in the regions of origin such as Africa and the Caribbean. Cadbury bought two plantations in 1897 in the British West Indian island of Trinidad and, later on, in 1930, another in Montserrat. Rowntree also purchased small cocoa estates in Dominica and Jamaica in 1899. However, their own production never accounted for a significant part of the firms’ requirements for cocoa. The aim with these investments was essentially to do research and get information about cultivation of cocoa, in particular on matters affecting quality.50

Until the beginning of the twentieth century a significant amount of the cocoa used by the British chocolate manufacturers was procured in the Portuguese island of São Tomé e Príncipe. In early 1901, while on a visit to one of Cadbury’s plantations in Trinidad, William Cadbury learned that slave labour was being used on the island. An investigation was initiated with the collaboration of the Anti-Slavery Society. Beginning with his first visit to Lisbon in 1903, William Cadbury spent substantial


financial and physical resources over several years using diplomacy and trying to intervene indirectly through the British government, or directly by contacting different Portuguese key parties involved in cocoa trade with São Tomé e Príncipe. The aim was to stop slave labour and improve labour conditions on the cocoa islands. In 1904 frustrated with the lack of action by the Portuguese authorities to implement changes associated with new labour regulations, William Cadbury wrote to other chocolate firms in Britain and the United States asking them to take collective action, by hiring a commissioned agent to visit the cocoa estates in São Tomé and Angola. For two years the hired agent, Joseph Burtt a young Quaker, talked to diplomats, journalists, and European and African business people, and traced the slave route through Africa’s interior. His report upon return prompted Cadbury to travel to the islands himself, terminate immediately the trade with São Tomé, and recommend that other chocolate firms boycott the purchase of cocoa from that region as well.\(^{51}\) Fry’s and Rowntree’s from Britain and also Stollwerck from Germany joined this boycott.\(^{52}\)

As a consequence of the boycott, Cadbury and other chocolate producers started to invest in the Gold Coast (renamed Ghana after 1957) and Côte D’Ivoire, which became the major suppliers of the world’s leading chocolate manufacturers for the rest of the twentieth century.\(^{53}\) In 1909 Cadbury set up a permanent buying office in Accra on the Gold Coast, and operated it jointly with Fry. These investments allowed the Quaker chocolate firms to avoid having to purchase through intermediaries in

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\(^{52}\) Cadbury was criticized for taking too long for taking action. Cadbury brought a libel action against the newspaper that made such allegations (\textit{The Standard}) and won the case ‘Newspaper Libel Action: Cadbury Brothers v. ‘The Standard”, \textit{The Financial Times} (2 December 1909): 6; A. G. Gardiner, \textit{The Life of George Cadbury} (London, 1923): 225-227.

\(^{53}\) “World Cocoa Production – 1895 -1937”, 5/1/4 (Terry’s Archive, Borthwick Institute).
Britain, where it remained difficult to ensure that the raw materials were not procured from regions which still used slave labour.\textsuperscript{54}

The boycott by British chocolate producers led to the flooding of the American market with cheap cocoa from São Tomé e Príncipe. The British chocolate firms sent Burtt to the United States to stop local companies from buying chocolate from São Tomé e Príncipe. The widespread boycott eventually led Portuguese authorities to enforce the new laws and implement the changes promised long ago. As a result thousands of labourers in Portuguese West Africa were able to be repatriated to their countries, the flow of work to and from the islands became voluntary, and the mortality rate in the island dropped.\textsuperscript{55}

In the Gold Coast the Ashanti Agricultural Department made great efforts to improve the standard of cultivation of the native farmers. Cadbury had a major role in helping to achieve this. Cadbury sent experts to instruct farmers and employees of the Department of Agriculture on how to plant, cultivate, and prepare good marketable cocoa, and they showed remarkable quickness in benefiting from the instructions given to them. The firm's buying agencies insisted on the best quality of beans, and made it worthwhile for the grower to cultivate, and prepare cocoa properly and of high quality. Additionally, Cadbury paid higher prices than the other merchants who monopolized the trade, and substituted payment in cash for the system of barter, where products such as cotton goods and gin were often used as a media of exchange.\textsuperscript{56}

In 1919 Cadbury, Fry, and Rowntree set up a buying agency in Southern Nigeria. This Agency named as Cocoa Manufacturers Ltd, later renamed R.C.F. - Rowntree-Cadbury-Fry (Nigeria) Ltd., became known for its commitment to developing African enterprise, and encouraging good practice in cocoa farming by paying high


\textsuperscript{56} Williams, \textit{The Firm of Cadbury}: 147, 151.
prices for better grades of cocoa. The new firm did not own cocoa plantations, and crops were grown by peasant farmers and their families, constituting their main source of income. The buying of cocoa was done by licensed agencies created by R.C.F. These agencies supervised the purchase of cocoa from producers, arranged for its transportation to the port and ensured it was shipped safely to its destination. R.C.F. also built working relationships with the producers of cocoa, and was the only major firm which bought exclusively through its own depots using salaried African employees dealing directly with producers. Each season the farmers were guaranteed a fixed and higher price for their cocoa. This helped improve farming techniques for high-grade cocoa. Social services in the producing areas benefited from the proceeds of the sale of the cocoa crop, and great progress was made with the building of schools, hospitals, roads and dwelling-houses. Far-reaching and rapid changes took place in the way of life of these West African Communities.

It was common practice in the Gold Coast for foreign companies to form ‘pools’ every time international prices of cocoa started to increase and exports developed. Through these ‘pools’ firms agreed to buy and sell at the same prices, and pay a ‘pool tax’ for overbuying, which was divided between them periodically. Cadbury, was the exception. Since its entry in that market in 1909, the firm refused to join pooling agreements, and usually took the side of the West African governments against British and US merchants in price fixing of West Coast Cocoa. The family regarded these practices as incompatible with its Quaker principles. Cadbury also opposed

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the attitudes of middlemen who had become tied to individual trading firms, and were getting cocoa from farmers at the cheapest possible price.60

These proto-fair trade practices were also applied in the procurement of other raw materials by Rowntree, in countries such as Sudan, Somalia, Nigeria and Senegal, where the firm procured gum arabica.61 In their contact with the local people, Rowntree managers worked around the customs and languages of the local populations, and prioritized fair dealing and building of trusting relationships. They also made important charitable donations towards the construction of cathedrals, local schools, and medical missions, among other initiatives.62

The behaviour of Quaker chocolate businesses in developing countries contrasts with that of other British confectionary manufacturers such as Terry's. For example, evidence on Terry's procurement of cocoa in Venezuela during the first half of the twentieth century indicates that its managers placed great emphasis in the maximization of yields per acre of cocoa planted and procured, were paying low wages to local planters, and made limited charitable donations.63

By the 1960s, Quaker businesses had developed a series of social initiatives in developing countries. Rowntree, for example, was sending Nigerian workers for training in Britain in order for them to be apt to become involved in activities within the value chain that added more value, such as the trading of cocoa and other raw

60 In 1961 R.F.C. was nationalized through the UGFC/GFMA (United Ghana Farmers Council, and Ghana farmers Marketing Association), which became the monopoly of Cocoa in Ghana, controlling the prices of commodities and the returns of the trade to local economies. Fieldhouse, Merchant Capital: 168-170; 418.
63 “Script on Dr. Pond’s Broadcast on Trinidad Radio – The Plan of Subsidized Cacao Rehabilitation in Trinidad and Tobago”, Box 51/9/1; and “Report on Condition and Prospects of Estate at Caruao to Sir Francis Terry, by L.R. Voyle” (18 June 1945): 7-8, Box 51/9/1 (Terry’s Archive, Borthwick Institute).
materials in international markets. In 1967 Joseph Rowntree created three trusts abroad. This was when a new Act of Parliament enabled for the first time the trustees to spend some or part of their resources abroad. Among other activities the Trust launched work-camps in Ghana, Kenya and Uganda. The principles lying behind these camps were to foster both international friendship and voluntary work to the community in African countries. Other projects the Trust was associated with focused essentially on education in countries such as Malawi and Kenya.

4. Proto-Fair Trade in Marketing

This section aims to assess the various ways through which consumers in developed countries, in this particular case in Britain, may build an opinion about the reputation of brands which influences their purchasing decisions. That opinion may rely not only on the marketing of the brand through advertising campaigns or public relations initiatives, but can be built through the customer's association of the brand with third parties, with information obtained from the media.

4.1 Alternative Endorsement Strategies

Figure 1 below distinguishes a number of endorsement strategies of brands, using as an illustration the case of chocolate. It takes into account two types of variables: the nature of the endorser or supporter of the brand, and the type of endorsement. The ‘Endorser’ can be ‘internal’ to the firm, typically the firm owner of the brand; or external to the firm, a third party, such as certification body. Certification bodies may be perceived to be important in the purchase decisions of consumers. Figure 1 also takes into account the type of ‘Brand endorsement’ or the way in which the endorsement is linked to the particular brand. This can be ‘direct’ brand

endorsement, appearing explicitly stated on the label of a product together with the brand name; or ‘indirect’ brand endorsement, through the indirect association made by the customer between a third party, with an established reputation, and the brand.

Figure 1 – Types of Endorsement Strategies in chocolate

Quarter 1 and 2 in Figure 1 relate to the endorsement strategies followed by most consumer goods firms. They form part of firms’ marketing strategies in the creation of brand reputation. In quadrant 1, the endorsement is provided by the firm and appears explicitly stated on the label of the product, together with the brand name. It is very common in firms that follow strategies of umbrella branding, where the firm labels all its products with the company logo. Kit Kat in the present day, which shows the Nestlé logo on the packaging (the current owner of the brand), is an illustration. Nestlé has historically held a reputation of trustworthiness and quality of its ingredients for the general public worldwide. The association of Kit Kat with Nestlé aims to provide an assurance to the customer about the quality of its ingredients.66 Quadrant 2 is also a frequently used endorsement strategy in

66 Reputation Institute, The World’s Most Reputable Companies (2014); Jean Heer, World Events, 1866-1966: The First Hundred Years of Nestlé (Rivaz, 1966). This reputation has been
marketing. Here the endorsement is also internal, in the sense that it is planned and supported by the firm. But the type of endorsement is indirect in the sense that it does not appear directly stated on the label of the product. Often firms hire celebrities recognized by the public, to endorse their brands, as part of their advertising campaigns or public relations initiatives. An illustration is the very successful 2010 Lindt Swiss chocolate truffles advert which depicts a celebrity, the then world renowned tennis player Roger Federer, also from Switzerland, at the airport trying to pass through security with a tennis bag full of Lindt truffles.

In Quadrants 3 and 4 of Figure 1, the endorser is a third party, external to the firm. Quadrant 3 relates to cases where brands are endorsed directly or explicitly by a third party, with an indication of that endorsement stated on the label of a product, jointly with the brand name. This endorsement often relies on the fact that the branded product meets certain standards required by the independent third party, in order to act as external endorser. It also includes cases of collective branding, which occur when a specific brand is used by all the members of a group or institution. It differs from other cases of direct endorsement primarily in that the collective branding is used by the members of a group, while the latter is used by anyone who meets the specified standards. The Fairtrade logo, which appears on the labels of Kit Kat and Cadbury’s Dairy Milk chocolate bars, is an example of direct endorsement through external, third party, certification. This direct endorsement forms part of a broader social responsibility statement by the firms whose products and brands meet certain pre-established standards, and is associated with their mission of giving back and helping society. It is possible to find early forms of direct product endorsement in various parts of the world. An illustration is the ‘The White Label’ movement created in 1898 in the United States, which aimed to promote

decent working conditions of employees, in particular women and children.\textsuperscript{67}

While the different forms of brand endorsement in quadrants 1, 2 and 3, are well discussed by the marketing literature, there is not much research done on indirect endorsement through third parties, external to the firm (see quadrant 4).\textsuperscript{68} Indirect third party endorsement assumes that the consumer has other means of obtaining information to help him form an opinion about the reputation of the firm and its brands and its connections with a trusted third party. The indirect endorser has to have a certain public reputation which is recognized by the public. The argument made here is that the almost instant success of the brand Cadbury Dairy Milk when it was launched was not only connected with the intrinsic characteristics of the product and its quality, but also with the indirect endorsement the brand had through the association of the firm with the Society of Friends.\textsuperscript{69} This was particularly true for a firm that did not invest substantially in advertising and marketing. Their few marketing efforts concentrated in associating their products with quality, purity, honesty and fair trading.

4.2. Newspapers as Mediators Between Consumers and Indirect Endorsers

This study argues that this form of indirect endorsement was very important in establishing the reputation of Quaker businesses in the nineteenth and early


\textsuperscript{68} The concept of indirect endorsement has been used in the context of professional services. Harris Kim, and Edward Laumann, “Network Endorsement and Social Stratification in the Legal Profession”, \textit{Research in the Sociology of Organizations} 20 (2003): 243-66.

\textsuperscript{69} Cadbury began exporting its products in the 1870s and even though by 1911 exports represented 15 percent of Cadbury’s sales, these mostly went to Australia, South Africa and India. By 1930 Rowntree’s exports only corresponded to 2 percent of the total sales activity of the firm. The high increase in tariffs to imports during the 1920s led the two firms to invest in foreign production, in particular in Australia, Canada, New Zealand, Ireland, South Africa and Germany. Jones, “The Chocolate Multinationals: 96-118; Corporate Accounts, 1933-1950, 3/BSR/1; “Sales Statistics Department”, R/DF/CS (Rowntree Archive, Borthwick Institute).
twentieth centuries when the British chocolate market was essentially domestic, regulations and industry standards were weak, and information about the firms and their brands was scarce and mainly available through media such as newspapers. These mediators were very important as they provided information about the businesses and their activities and indirectly helped consumers to form an opinion about the standing of the firms in society, and also of their products and brands, indirectly influencing their reputation.\textsuperscript{70} Drawing on newspaper articles as proxies of public opinion, this study looks at a wide range of newspapers during the period from 1 January 1860 to 31 December 1969, to assess how much the public associated the firms Cadbury and Rowntree and their brands with the Society of Friends and Quaker values and principles, considered here to be external indirect endorsers of their brands.

Britain is a country where the media have historically been an important vehicle for disseminating information and where the newspaper industry was already large and vibrant in the late nineteenth century. Newspapers acted as mediators and ‘agencies of enlightenment’, moulding the minds and opinions of the public, and helping to bridge the gaps between firms and their stakeholders. The procedures applied were consistent with those employed by others who have conducted content analysis of press and web media.\textsuperscript{71}

\textit{The Times} was selected as the main newspaper to use in the search. \textit{The Times} is a long-established newspaper, created in 1785, and an important British institution, part of the British political structure, and is considered to have been a key innovator


in the printing industry throughout history. The search was conducted at the British Newspaper Archive in London. To ensure that an appropriate pool of articles was obtained for the purposes of this study, a criteria for selection and further analysis of articles was developed. Firstly, only articles with the words Cadbury and Rowntree in the title were selected. The search yielded approximately 774 articles that met the initial search criteria. Each article was reviewed for content, to ensure relevance to the analysis. To allow extensive quantitative examination of the press archive, all articles were rendered into a form that enabled statistical comparison. Secondly, two groups of articles were selected: those related to genuine news, totaling 249 articles (142 with Cadbury in the title; and 107 with Rowntree in the title), and 525 relating to advertisements. Advertisements were analysed separately, as they relate what the firm wants the public to know about them, rather than what the public perception is about the firms.

A series of sequential steps was then carried out to assess the associations by the public between the firms Cadbury and Rowntree and their brands with Quakerism and its principles. Within the selected group of news articles with the words Cadbury and Rowntree in the title (and excluding advertisements), a preliminary search was then carried out on the main text of each article for the words ‘Quaker’ or ‘Society of Friends’. Only about 12 percent of the articles for both firms include at least one of these words in the main text. This relatively low percentage of articles relating to the firms or their owners with Quakerism confirms that these firms did not associate their philanthropic activities with the religious beliefs of their owners.

73 Genuine news include essentially articles published in the following sections of The Times newspaper: Business, Editorial and Commentary, Features, News, and People.
74 Similar numbers are also obtained when using the two words ‘Quaker’ and ‘Society of Friends’ on the title of articles and a search for the words ‘Cadbury’ and ‘Rowntree’ in performed on the main text of the article. "Mr. Gladstone and the Society of Friends", The Times (22 May 1888): 6; "Friends’ Foreign Mission Association", The Times (30 May 1899): 12; "Friends’ Social Union", The Times (27 June 1910): 12; “Rollying Britain’s Friends", The Times (1 December 1938): 9; “Friends Ambulance Unit", The Times (29 November 1941): 6.
or with their connections with the Society of Friends. They did not consider it to be a marketing tool or a form of endorsement of their brands.

Nonetheless, several non-Quaker companies saw that relationship between the Quaker religion and the quality and honesty of products as a form of enhancing the reputation of their brands. For instance a leading breakfast cereal brand ‘Quaker Oats’ was first registered in the United States in 1877. Its founder Henry D. Seymour had no connection with Quakerism or the Society of Friends, but he believed that the use of the trademark ‘Quaker’ would help consumers associate the product with Quaker values of honesty, integrity, purity and strength. The Society of Friends objected to the use of the name for a business and petitioned US Congress to stop its use but was unsuccessful. In the United Kingdom, there were similar cases where entrepreneurs applied for the registration of trademarks which contained the word ‘Quaker’ as a means of convening an image of quality, purity and honesty. These provoked reactions by The British Society of Friends against the opportunistic use of the Quaker religion and morals. Some of these cases were discussed at Quaker Annual Meetings and were prosecuted in court.

A direct association of the businesses with Quaker morals and the Society of Friends starts to appear more prominently in business newspaper articles from the 1960s, in particular in periods of mergers and acquisitions. This is particular prominent in the financial press, which highlights the social heritage deeply embedded in the Quaker origin of the firms, the religious background of the top management, their networks developed through The Society of Friends, their financial solvency and

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75 Contrary to popular belief, the man on the box is a generic Quaker, not William Penn. Arthur Marquette, Brands, Trademarks and Good Will – The Story of the Quaker Oats Company (New York, 1967): 31.
transparency, and also their deeper relations with consumers beyond the consumption of the products and brands they manufactured.77

Still using the newspaper articles with the words Cadbury and Rowntree in the title (and excluding advertisements) as a way to refine the search about the links of the firms with Quakerism and the Society of Friends, a new search was conducted in *The Times* using a series of Quaker related topics: war, peace, and disarmament, slavery and slave trade, poverty and famine, temperance, liquor and gambling, and the opium trade. The selection of these words relied on the most common words which appear in the minutes of the Annual Meetings of the Society of Friends in London during the period of analysis.78 Many of these topics are anachronistic for the period under scrutiny. There is also the issue that some of the terminology is different from that used today. The percentage of articles which mention Quakerism or any of the Quaker related topics above accounted to 54 percent of the articles where the word ‘Cadbury’ appears in the title; and 55 percent of the articles with Rowntree in the title. The articles where the words war, peace and disarmament appear are the most frequent. These articles discuss topics such as the Quakers’ refusal to participate in the War and in favour of peace and disarmament, their involvement in the restoration of disabled soldiers, services rendered in ambulance units, the Boer War and the investigation of concentration camps for women and children, hospital work and mine sweeping. Other recurrent topics include the involvement of these Quaker firms in the abolition of slavery and in favour of free labour, the campaigns against ‘sweat labour’ the and setting up of Sweating Exhibitions, the establishment of the National Old Age Pensions Society, poverty and unemployment, the formation and


78 Between 1857 and 1965 these topics are discussed the following number of times Minutes of the Annual Meetings of the Society of Friends (Library of the Society of Friends, London): peace – 271, war and disarmament – 261, temperance – 221, slavery and slave trade – 157; opium trade – 50; gambling – 23; liquor – 12; famine – 2.
operation of The Peace Society with various institutions for the benefit of children and the education of adults, the creation of villages with adequate sanitary and healthful conditions, and also the creation of working conditions for women in developing countries, among other humanitarian initiatives.\footnote{79}

The analysis of the adverts published in The Times during the same period provides a different picture. Until 1910 Cadbury strongly emphasizes the purity and quality of its products in its adverts. This is related to concerns very predominant at the time about food standards. George Cadbury was a strong campaigner against food adulteration, and had been involved in controversial discussions leading up to the 1872 and 1875 Adulteration of Foods Acts.\footnote{80} The use of the term purity aimed to increase consumers’ trust in the brands (see Figure 1 below).

\begin{center}
Figure 1 – Cadbury Advert emphasizing Purity, 1910
\end{center}


\footnote{80}{George Cadbury gave evidence to the committee appointed to consider the working of the 1872 Act and suggested that, the word Cocoa should be used only for unmixed preparations of the cacao bean, and that mixtures of the cacao bean with sugar or other substances should be sold always under the name of chocolate”. Williams, The Firm of Cadbury: 41-2.}
Over time the messages in Cadbury’s adverts change, but this concern with the purity of the ingredients remains prevalent even during war times. Other characteristics frequently emphasized in the adverts are the nourishing qualities of Cadbury’s chocolate and its good value for money.81 Some adverts also highlight the philanthropic activities of the firms.82 By the end of the 1960s, Cadbury’s adverts also start to show a concern about informing the public about the provenance of

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their raw materials, emphasizing the long-established, friendly and happy relationships with developing countries (see Figure 2).

Figure 2 – Cadbury Advert 1969


Rowntree was more resistant to advertising in newspapers than Cadbury's. Joseph Rowntree was of the opinion that adverts only provided temporary spurs in output, and were a diversion from the traditional reliance on product quality, which he believed safeguarded the company's future.\(^\text{83}\)

It is only from around the 1920s and, when Joseph Rowntree is no longer central to the management of the firm, that adverts start appearing in The Times with some

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\(^{83}\) Directors Conferences II, 20 February 1901 (Rowntree Archive, Borthwick Institute).
frequency.\textsuperscript{84} The messages of the adverts are mainly associated with the nourishing characteristics of the chocolate, and its ability to help people deal with stress, anxiety and digestion, both in times of war and peace.\textsuperscript{85} As part of its philanthropy Rowntree often bought space in newspapers for other institutions to advertise social and humanitarian causes.\textsuperscript{86}

When conducting a search through other newspapers in the British Newspaper Archive and the Society of Friends, it is clear that Cadbury and Rowntree philanthropic and humanitarian activities seem to use particular media channels, such as the Quaker newspapers like the \textit{The Friend}, \textit{The Anti-Slavery Reporter}, and \textit{The British Friend}. These newspapers published information about the various activities of and provided detailed articles about topics of great relevance for society at the time, not only in the UK but also abroad. Additionally, both firms acquired newspapers which they used as vehicles to campaign for humanitarian and political causes. An illustration is George Cadbury's acquisition of the newspaper \textit{The Daily News} in 1901 which includes articles about the involvement of the entrepreneur and the firm in humanitarian and political causes he believed in, such as the campaigns against the Boer War, and the setting up of the concentration camps and the burning of Boer farms, the campaign against the Conservative government's policy of allowing indentured Chinese labour to be transported to South Africa and


\textsuperscript{85} "Chocolate shortbread has a real 'peacetime' flavour!", \textit{The Times} (19 September 1944): 2.

\textsuperscript{86} 'Hospitals Day – Please Give Freely", space generously given by Rowntree, \textit{The Times}, (2 May, 1944): 2.
the sponsoring of the Sweating Campaign and exhibitions on sweated labour around the country between 1906 and 1908. Another illustration is Rowntree’s acquisition of the newspaper *Northern Echo* in Darlington in 1903. Once again the purpose was to preserve a press free from monopolistic interests and also to advocate ideas against war and in favour of peace and also enlightened social reform.

5. Conclusion

This study argues that the period prior to the 1970s cannot be ignored in studies on global business and morality, and on the early development of the Fair Trade movement. Despite criticism by some researchers which consider that Quaker businesses were publicly against slavery and in favour of free trade, but which were not necessarily caring at a distance, this paper has shown that there is wide evidence that British chocolate Quaker businesses did care at a distance. They created housing, schools, hospitals, villages and markets, and improved workers’ lives in developing countries earlier than most philanthropists. By using international diplomacy, Cadbury and Rowntree created alliances with competitors, and collaborated with local governments and planters. They helped create fairer and more balanced power relations in international value chains between producers and consumers of cocoa and other raw materials used in confectionary, introduced new types of plantations and new farming techniques, and developed whole new industries in some developing countries, contributing for long-term economic development.

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Based on historical evidence in the British chocolate industry from the 1860s to the 1960s, this study also illustrates that chocolate firms have relied on different types of endorsement strategies, over time. These strategies varied according to the resources of firms, the level of regulation of industries, the size of markets, the level of sophistication of consumers and the media available. In smaller and unregulated markets, where consumers show a relatively high level of sophistication and education, mediators or intermediaries such as newspapers or other media play an important role in providing information about firms, their entrepreneurs and their brands, and also their associations with reputed third parties, which act as indirect endorsers. This helps explain is how Cadbury and Rowntree built long-term reputations for their chocolate brands, despite not having carried out substantial investments in marketing in their early days. The Quaker Society of Friends and the religious principles they stand for were recognized by the public as a form of indirect endorsement of the chocolate firms and their brands. In large markets characterized by intensive competition, it is difficult and costly for consumers to take informed purchase decisions relying essentially on information available publicly. That is why marketing investments by companies can become quite significant in creating a differentiated image for the brands.

Marketing strategies tend to draw on a combination of both direct and indirect endorsement strategies, such as a umbrella branding, and the hiring of celebrities. While helping to build a reputation for brands, they provide information about the product, and help consumers to cut on search costs in their purchase decisions. Third party direct endorsement or certification is particularly useful when the reputation of products and brands is associated with certain standards, as illustrated by the certification of the Fairtrade Organization of Kit Kat and Cadbury Dairy Milk chocolate. Third party indirect endorsement is rather neglected as an alternative strategy, in the marketing of firms. This is because it is harder to control its impact near the public, and because it does not tend to be directly associated with managerial decision taking. In the present day, despite high competition and globalization of markets, indirect brand endorsement can still be a very effective
means to help build brand reputation, especially in markets where consumers are educated and have good access to media, and in periods of uncertainty and lack of regulation, such as periods of crises, where among other challenges, firms have to deal with constrained marketing budgets.