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# **Marketing as a Means to Transformative Social Conflict Resolution: Lessons from Transitioning War Economies and the Colombian Coffee Marketing System**

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### **Abstract**

Social conflicts are ubiquitous to the human condition and occur throughout markets, marketing processes, and marketing systems. When unchecked or unmitigated, social conflict can have devastating consequences for consumers, marketers, and societies, especially when conflict escalates to war. In this article, the authors offer a systemic analysis of the Colombian war economy, with its conflicted shadow and coping markets, to show how a growing network of fair-trade coffee actors has played a key role in transitioning the country's war economy into a peace economy. They particularly draw attention to the sources of conflict in this market and highlight four transition mechanisms—i.e., empowerment, communication, community building and regulation—through which marketers can contribute to peacemaking and thus produce mutually beneficial outcomes for consumers and society. The article concludes with a discussion of implications for marketing theory, practice, and public policy.

*Keywords:* Colombia, peace / war economy, social conflict, systemic analysis, transformation

From the bazaar of ancient Mesopotamia to today's globalized economy, markets are spaces in which participants compete and cooperate to increase wealth and, ideally, well-being. While markets commonly operate as civilized competition, they also are sites for social conflict.

Examples of the latter include territorial gang violence; personal vendettas; international patent violations and litigation; neighborhood disputes; exclusion, exploitation, and abuses throughout global supply chains; and, in worst-case scenarios, war, to name but a few dysfunctional and harmful market activities that can invoke or embody social conflicts.

Social conflicts occur when two or more parties pursue interests regarded as mutually interdependent and incompatible, such that the accomplishment of one party's goals comes at the expense of one or more other parties achieving their goals (e.g., Deutsch 1973, 2006; Marcus 2006; Ostrom et al. 2002). These conflicts comprise various elements, typically behaviors (actions meant to be hurtful), objects (the reasons to struggle), parties (agents engaging in conflict behaviors), intervenors (agents engaging in the conflict in an attempt to make, build, or keep peace), and stages (e.g., Jeong 2008; O'Gorman 2011).

These elements often interact simultaneously and operate at different levels: individual (micro), group (meso), national and global (macro) (e.g., Ramsbotham, Woodhouse, and Miall 2011). At the individual level, social conflicts can elicit physical, emotional, and cognitive harm (Cummings et al. 2009; Haslam et al. 2009; Kessler, Mickelson, and Williams 1999; Lindner 2014; McMichael and Manderson 2004; Osborne and Sibley 2013; Pascoe and Richman 2009). At a group level, social conflicts influence how citizens treat each other, including what and whether they consume (Durvasula and Lysonski 2006; Ouellet 2007; Shimp and Sharma 1987), as they often produce more defensive and aggressive behaviors and thus dampen prosocial and cooperative behavior (De Dreu and Van Knippenberg 2005; Deutsch 2006). Defensive and

aggressive conflicts often escalate into parties ostracizing, dehumanizing, discriminating, and overtly fighting against one another (Haslam 2006; Sherif 1966; Shultz et al. 2005; Struch and Schwartz 1989). At a national level, such violent social conflicts can interrupt or destroy key institutions; criminal behavior and commerce may dominate, which can lead to social disorder, chaos, and even government collapse and war (e.g., Jia, Karpen, and Hirt 2011; Kriesberg 2007).

Given the high stakes, complexity, reach, and existential threats of violent social conflicts, they (should) demand attention. The path to resolution, however, is often complicated, because social conflict is typically intersectional, systemic, and multilayered; resolution must involve numerous players; institutions; and political, cultural, economic, and consumer forces. The purpose of this article therefore is to analyze how marketing can contribute to social conflicts resolution, and to develop a theory-based framework to understand the peacemaking role of marketing systems in contexts characterized by long-standing violent conflict and the dominance of war economies.

To contextualize our framework, we explore the Colombian coffee marketing system, which has been racked by violent conflict in the form of the world's longest civil war. We show how multistakeholder endeavors, as illustrated by an innovative fair-trade marketing initiative, have been crucial for attenuating or resolving long-lasting conflicts. By doing so, we demonstrate a powerful, transformative way to use markets for peacemaking and political, social, economic, and consumption change, consistent with seminal contributions in the literature vis-à-vis marketing systems (e.g., Baker et al. 2015; Coleman 2014; Fisk 1967; Fort and Schipani 2004; Hill and Martin 2014; Hunt 2010; Layton 2015; Oetzel et al. 2010; Shultz 2007; Viswanathan, Rosa, and Ruth 2010; Wilkie and Moore 1999). We conclude with a discussion of implications for theory development, marketing practice, public policy, and further research.

## **Theoretical Foundations**

Review and distillation of a broad and varied literature reveals four grand schools of thought in conflict theory, with distinct assumptions on the nature of social conflict (O’Gorman 2011; see also Coleman, Deutsch, and Marcus 2014). The inherency school follows the Hobbesian notion that aggression is innate to the human condition, due to biological (e.g., Wilson 2001) or cultural factors (e.g., Huntington 1993). For the structuralists, social conflict results from covert violence serving the interests of certain individuals and preventing others from reaching their potential (e.g., Galtung 1969; Marx and Engels [1848] 1969). The social-psychological school assumes that social conflicts results from frustration and grievances derived from interpersonal and intergroup interactions (e.g., Dollard et al. 1939; Gurr 1970). The economic school suggests that social conflict is a means to allocate resources and/or to optimize utility for individuals, groups, or nations (Pruitt and Rubin 2004).

A social conflict can take many different forms depending on the context. Therefore, applied theories of conflict have developed, blending the four grand schools of thought to characterize the parties, objects, behaviors, levels, and dynamics of the conflict under study. For example, scholars have developed specific theories to characterize family conflict (Finkel et al. 2013), social media conflict (Husemann, Ladstaetter, and Luedicke 2015; Sibai et al. 2015), intergroup conflict (Maxwell-Smith, Barnes, Wright, Thomson, Mattos, & Dumas, in press), organizational conflict (Rahim 2002), social class conflict (Marx and Engels [1848] 1969), international conflict (Most and Starr 1983), and conflict in dynamic systems (Lewin [1948] 1997), including marketing systems (e.g., Fisk 1967; Hill and Martin 2014; Shultz 2007). Here,

our interest lies in marketing systems fractured by civil wars—the preponderant form of internecine social conflict since the end of the Cold War (Elbadawi and Sambanis 2002; Pettersson and Wallensteen 2015; Shultz et al. 2005). Our purpose is to develop a theory-based framework that allows us to systematically analyze the role of macro-level marketing systems in transforming war economies into peace economies. In doing so, we complement extant literature on political solutions to peacemaking, as well as studies that have taken a micro-level perspective on the role of individual businesses in market transformation.

In civil war, a dominant party is in control of the state or region, while a rebelling party aims to gain control. In the pursuit of maintaining or claiming power, the opposing parties draw on a variety of warfare means, such as guerrilla methods and extreme violence against civilians, that instill terror in the population; group affiliation typically stems from ethnic, political, religious, or tribal belonging (Kaldor 2013; Lieu and Opatow 2014). Therefore, civil wars are difficult to resolve and typically become protracted (Coleman 2014; Hegre and Sambanis 2006). When the war prolongs, hostility between groups becomes less prevalent and self-reproducing war economies develop. Consequently, economic matters become a major driver in the perpetuation of war (Collier, Hoeffler, and Söderbom 2004; Keen 2000). In the following subsections, we discuss how war economies prevent the attainment of peace and how peacemaking efforts can help to achieve peace.

### **War and Peace Economies, Policies, and Markets**

War economies are economic systems of production, mobilization, and allocation of resources developed in the context of conflicts involving violent and destructive engagements among militaries, paramilitaries, guerrillas, and civilian populations (Le Billon 2005). They are

characterized by severe political, economic, and social inequalities (Stewart, Brown, and Langer 2008). Both a dysfunctional state and the market play a major role in maintaining a war economy and respective inequalities.

The state is dysfunctional to the extent that it fails to provide certain public goods required for societal well-being (Varian 1992). In particular, security manifested as physical safety, wealth, and welfare is limited to small segments of society typically affiliated with the ruling party or class (Stewart 2008). Security thus turns into a club of sorts, in which goods and services are accessible only to people who are members (Scotchmer 2008). In other words, the resources of the state are leveraged by those controlling it, to serve private interests of a favored group. The state functions as a kleptocracy in which rulers manipulate formal government institutions to retain power and wealth and economic actors to access markets (Reno 2000). That is, kleptocrats make fortunes working with local traders, intermediaries, business elites, foreign governments, and even adversaries (Gamba and Cornwell 2000). Because public services are privatized, economic, social, and political resources lack comprehensive redistribution; existing socioeconomic inequalities subsequently expand (Duffield 2000; Keen 2000).

Markets play a major role in sustaining war economies. War economy markets are criminalized and function outside the rule of law (Duffield 2000); Goodhand (2004) distinguishes three types. The first is a combat market, which mainly involves trade activities that directly fund the war effort. These activities include trade of money, arms, equipment, and fuel; taxation of licit and illicit economic activities; and economic blockades. Second, war economies develop shadow markets, which revolve around trade made by entrepreneurs on the margins of the conflict. Trade typically includes drug trafficking, smuggling, mass extraction of natural resources, currency exchange, and manipulation of aid resources. Coping markets, the

third type, consist of the trade by which the majority of the population struggles to survive. Participants in this market work in agriculture, petty trade, or small businesses or they live on wage labor, remittances, redistribution through family resources, or humanitarian assistance.

As these market structures slowly emerge and stabilize during civil war, market actors become dependent on the continuation of war to sustain their livelihood. The actors of the combat market accumulate wealth from waging war, actors of the shadow market build entrepreneurial activities on the margin of it, and actors of the coping economy depend on the combat and shadow markets to eke out a living and reimburse their loans (e.g., Berdal and Malone 2000). Markets therefore produce short-term economic interests in perpetuating the war economy, making long-term dissolution and sustainable replacement extraordinarily difficult, if not impossible (Ostrom et al. 2002; Shultz and Holbrook 1999; Shultz 2015). Furthermore, growing destitution of the actors in the coping market nurtures grievances and discontent, fueling further violence and the war's continuation (Duffield 2000; Keen 2000).

In contrast to war economies, peace economies are stable economic systems of production, mobilization, and allocation of resources operating in environments bereft of violent and destructive activities executed by militaries, paramilitaries, and guerrillas (Goodhand 2004). Peace more simply is the “absence of violence” (Galtung 1969, p. 168), though it can comprise both “negative” and “positive” peace. Negative peace is the absence of direct personal violence, while positive peace is the absence of structural violence and the presence of conditions that allow social justice to emerge (Galtung 1969). Peace economies particularly strive to guard against structural violence and aim to suppress and/or bound political, economic, and social inequalities through constant adjustments and regulation (Richmond 2011; Stewart 2008).

The state and the market play key roles in perpetuating a peace economy and in limiting inequalities. The state, in forms of local and national institutions, typically develops a governance system that ensures the provision of human security to all members of society. Human security as a public good refers to freedom from physical and psychological harm, access to livelihood opportunities through education and welfare services, avoidance of social prejudices and discrimination, and the ability to politically participate in the enforcement and adaptation of the governance system (Goodhand 2006). Markets can contribute to the flourishing of peace economies by promoting and fostering constructive engagement to ensure mutually beneficial cooperation among the stakeholders of economies/systems, through access, inclusion, security, social justice, and sustainable prosperity (McMillan 2003; Shultz 2015).

### **Peacemaking**

Peacemaking consists of all the initiatives geared toward resolving war and building positive sustainable peace (Goodhand 2006; Lederach 2003). The challenge of transforming a war economy into a peace economy involves reaching three peacemaking objectives (Barnett et al. 2007). The first objective is to undermine the actors of the war economy who threaten national security and challenge the legitimacy of the peace economy. After war, this typically involves discouraging former combatants from returning to war through disarmament, demobilization, and reintegration. The second objective focuses on restoring the legitimacy of the state as the provider of public goods. This involves development agencies and civil society organizations partnering with the state to rebuild facilities (utilities, transportation, and communication infrastructures), reestablish education and health services, rebuild capacity to run public administrations, and enforce the rule of law. The third objective consists of helping the actors of

the war economy to become meaningfully engaged with the peace economy. This approach involves, among other techniques, offering trauma counselling, enforcing transitional justice and reconciliation, and facilitating community dialogue. In summary, the different approaches to peacemaking focus on the creation of a governance system involving governmental, supragovernmental, and civil society actors to transform a war economy into a peace economy.

A wealth of literature exists on political solutions to peacemaking; in general, four types of political approaches to peacemaking are distinguished: from “above” or from “below” and from “outside-in” or “inside-out” (Goodhand 2006; Richmond 2011). Strategies from above suggest how political and military elites can settle the conflict, while strategies from below indicate how local communities, social movements, and nongovernmental organizations can contribute to resolution. Strategies from outside-in focus on how foreign governments and international nongovernmental organizations can promote the emergence of peace, while strategies from inside-out focus on how local governments and civil society organizations in the country can resolve the war by themselves.

Surprisingly, the literature on the role of markets in peacemaking is somewhat limited. In the past, market actors were overwhelmingly viewed as forces nurturing war that political and social actors should control to prevent them from doing harm (Haufler 2015), and policies focused on “controlling the potential adverse social impact of business activity” (Ford 2015, p. 23), including local businesses and pillars. Large local businesses were considered pillars of the war economy (Duffield 2000; Keen 2000), with foreign businesses plundering local resources and profiting from the absence of a strong state-centered governance system (Hook and Ganguly 2000). Trends in the past 15 years reveal that, although firms can differ in both values and actions, when firms act more prosocially, their leaders and stakeholders tend to recognize both

long- and short-term benefits, including a more positive environment in which to conduct business. Consequently, corporations in increasing numbers have served as potentially positive forces, which cannot be ignored in peacemaking (Forrer and Katsos 2015). For example, Ford (2015, p. 3) argues that “business people may have far more proximate and long-term personal and vested interests in building a deeper peace than transitory international peacebuilding officials.” In addition, Kaldor (1999, p. 118) identifies business sites, such as plantations or large mines, as serving society as relative “islands of civility” in times of war. Business sites—and the marketing activities in them and in support of them—serve as spaces in which trust and hope can redevelop (Ford 2015). Considering businesses and marketing instruments of peacemaking implies that they are not solely economic agents guided by profit; rather, they are policy agents or corporate diplomats, equally interested in promoting social well-being through the market (Westermann-Behaylo, Rehbein, and Fort 2015). As such, businesses may avoid activities that are profitable in the short run because, in doing so, they would contribute to conflict building in the long run and engage in unprofitable activities out of moral and political consciousness.

Both scholars (Westermann-Behaylo, Rehbein, and Fort 2015) and civil society institutions (Amis, Hodges, and Jeffery 2006; Nelson 2000; see also Baker et al. 2015; Laczniak and Murphy 2006; Santos and Laczniak 2011) have identified a large range of political corporate social responsibility activities promoting peace. These activities range from conflict-sensitive business practices to avoid unintentional harm (e.g., no bribing) to proactive peacemaking initiatives involving the education of civil society (e.g., communicating about the benefits of a cease-fire for all) and lobbying of government agencies (e.g., demanding that the government enforce transparency in natural resource procurement). However, insights developed so far have focused on peacemaking initiatives at the micro level of individual businesses, moving in some

cases to the meso level of partnerships between businesses and other market stakeholders, such as political agencies and community organizations.

At a macro level, the role of markets in peacemaking has remained undertheorized, and voices have called for research to fill this gap (Haufler 2015; Kolk and Lenfant 2015). Marketing scholars have highlighted that marketing systems are integral to war-recovery and war-prevention (e.g., Shultz 2007; Shultz et al. 2005). However, further research is required to theorize how marketing systems characteristics help to move from a war economy to a peace economy. To illuminate the way in which marketing systems can contribute to a transition toward a peace economy, we use social conflict theory in the case of the fair-trade coffee marketing system, in the Colombian civil war. From an analysis and synthesis of available literature, we describe four mechanisms through which marketing systems can contribute to peacemaking: (1) empowerment, or providing citizens with the necessary resources and capabilities to engage in cooperative/peaceful activities; (2) communication, or ensuring that all parties have opportunities to participate in and negotiate peace settlements that ensure the agreement is respected and to promote transparency, trust, and willingness to cooperate; (3) community building, or establishing and nurturing inclusive, representative grassroots groups, incentives, and organizations to legitimize the idea that collaborative choices are most beneficial for all stakeholders; and (4) regulation, or fostering consistent, fair, and equal enforcement of laws or the adoption of commercial governance procedures that affect individuals' perceptions about the risks and benefits of both types of economies.

### **Systemic Analysis of the Colombian War Economy**

To develop a conceptualization of how demand-focused and market-based peacemaking initiatives can operate, we analyze the Colombian civil war as a living case. Colombia is known as a stable democracy with strong democratic institutions but is infamous for being home to the longest internal armed conflict in the world: the conflict has lasted 50 years, with 8,792,781 people victimized (1,525,529 killed or missing, and 7,090,493 forcibly displaced) (Registro Único de Víctimas 2015). The Colombian civil war exploded from social and political movements, but drug trafficking turned it into a war economy, and the conflict subsequently became protracted.

We develop a systemic analysis of the Colombian war to investigate how markets have contributed to peacemaking in this context. In particular, we analyze how the Colombian fair-trade coffee industry has contributed to countervail the negative effects of the civil war. Colombian coffee, with its renowned imagery and symbols (e.g., Juan Valdez) is a global product, recognized and valued around the world. Fair-trade markets and practices have emerged as economically viable, sustainable, and prosocial development initiatives, due to their transformative potential for improving farmers' well-being (e.g., Raynolds and Bennett 2015).

### **The Colombian Civil War**

The Colombian conflict began in the early 1960s. It embodied the political and socioeconomic differences evinced between the capitalist (right wing) and communist (left wing) ideologies of the Cold War. The intersections of these political elements with the income inequalities experienced by the people created several grievances that prompted the emergence of two communist-oriented movements: Fuerzas Armadas Revolucionarias de Colombia (FARC) and Ejército de Liberación Nacional (ELN). These movements initially rebelled against the central

government for more social justice and changes to the existing social structure of the country (Ning 2005). The conflict was initially characterized as low-intensive warfare in a developing country (Rice 1988), and it remained in this condition for nearly two decades.

During the 1980s, the conflict drastically changed and escalated, fueled by guerrillas' exploitation of illegal businesses in the country (Ballentine and Nitzschke 2003). Guerrillas entered the growing narcotics industry through illegal taxation to narcotics producers and then became producers themselves. In addition, they extorted legal companies and kidnapped businesspeople. These activities provided FARC with approximately US\$500 million per year. The development of the cocaine industry transformed the grievance conflict into a commercial endeavor based on greed, which involved new actors. The right-wing paramilitary group Autodefensas Unidas de Colombia (AUC) emerged as a new conflict party. This group consisted of mercenaries hired by drug dealers and large landowners to protect their businesses against the guerrillas.

According to Firchow (2005, p. 46), the Colombian conflict morphed again during the 1990s from an ideological war to a "new" economic war comprised of "a mixture of international drug trafficking, weapons, money-laundering, criminality and terrorism with international political and economic elements involved." The consequences of the economic war have been horrific, as victims were no longer limited to military forces in war zones. Terrorist attacks by both groups targeted civilians as well. According to the Colombian government, while the war resulted in 486,232 victims before 1990, the number of victims reached 6,902,398 (81.5% civilians and 18.5% combatants) between 1990 and 2010. Colombia's overall economic development suffered concurrently. Losses from the conflict during the 1980s and 1990s have

been estimated to be 4.5% of gross domestic product (Trujillo and Badel 1998), and foreign direct investment shrank by 40% (Ramirez and Duran 2015).

A brief overview of the Colombian civil war provides a glimpse of the different markets working in the war economy. First, the guerrillas and paramilitary groups developed the combat markets, using kidnapping, extortion, and illegal taxation to fund their war activities. Second, entrepreneurs, supported by the guerrillas and paramilitary groups, developed the shadow markets, engaging in different illegal market activities, including drug and human trafficking, informal gold mining, and money laundering. Third, the remaining members of society developed the coping markets; they struggled to develop their legal activities, while dodging the combat and shadow markets to avoid confrontations with guerrillas and paramilitaries.

### **Political Peacemaking Initiatives in Colombia**

Since the beginning of the conflict, different Colombian governments have embarked on political attempts to reach peace agreements with the left-wing armed groups, in 1984 with FARC, 1994 with FARC and ELN together, and 1999 with FARC again. However, the war economy deeply embedded in the conflict, particularly drug trafficking, undermined these processes and prevented any successful peace agreements. At the start of the new millennium, the country developed and implemented an antidrug program “Plan Colombia,” under which the United States and the European Union provided almost US\$10 billion. This program aimed to cut the financial resources of guerrillas and paramilitary groups by providing military and social aid to regions where drug trafficking was pervasive. Some results attributed to this program include the demobilization of the AUC paramilitary group in 2008 and the diminishment of the guerrillas’

strength to the point at which they agreed, in 2012 FARC and in 2015 ELN, to start peace talks with the government (*The Economist* 2015)

After four years of negotiations (2012–2016), the country is close to a peace agreement with the left-wing guerrillas. This accord has enormous potential to stop the violence and boost economic and social development in the country (see *The Economist* 2015). However, much remains to be done to transform the war economy structures. Along with the peace agreement, the country needs the participation and cooperation of public and private sectors to invoke market-based initiatives and adaptations to break the inequalities that sparked the decades-old conflict. We turn our attention to this issue in the next subsection.

### **Market-Based Peacemaking Actions: The Case of the Colombian Coffee Market**

The coffee industry has been an important source of income and a critical driver of Colombia's social development (Giovannucci 2003). Coffee arrived in what is now the country of Colombia from the Jesuits in 1730 (Federacion Nacional de Cafeteros [FNC] 2015a) and is now one of the landmark products of the country. Colombia's geography, with 2,112 miles of mountain chains along the Andes, is particularly beneficial for coffee, which grows on the mountains' hillsides. Colombia is currently the world's third-largest coffee producer: More than 12 million coffee burlap bags, valued at US\$1.97 billion (FNC 2015b), are sold each year. The intensive labor required for coffee production in Colombia has a far-reaching social impact (Roldán-Pérez et al. 2009). Coffee regions are mainly located in poor rural areas, where government institutions do not efficiently reach. Agriculture and coffee harvesting have been a cultural tradition and the primary source of income. Coffee production provides jobs to more than 800,000 people, representing 32% of the agricultural employment in the country (FNC 2015c).

The Colombian war economy is fueled by the narcotics industry, particularly cocaine, which is cultivated in natural conditions similar to those of coffee (Oxfam International 2002). As a consequence, since the 1990s, cocaine and coffee production systems have intersected, resulting in several economic and social consequences. In 2014 Colombia had 936.682 hectares of coffee fields (FNC 2015a) and 69.132 hectares of cocaine fields (UNODC 2015). Figure 1 illustrates Colombian geographical intersection between the coffee fields (represented by solid lines) and the cocaine fields (represented by dashed lines), with the latter located near the country's borders for easier exportation. In the following subsections, we describe the coffee production system, identify the social problems caused by the intersection with the cocaine production system, and show how the fair-trade<sup>1</sup> marketing system promotes peacemaking. Particularly, we describe how each peace-making mechanism has promoted the peace-making objectives presented in the theoretical foundations section. Among the different fair-trade market initiatives in the country, we focus on the one promoted by the FNC. The FNC is the largest Colombian semiprivate organization owned by coffee producers and financed by government taxation of coffee exports, whose objective is to improve farmers' quality of life (FNC 2015c). Today, the FNC represents more than 500,000 farmers in the country.

### *Peacemaking mechanism: Empowerment*

Production in the coffee marketing system begins on Colombian hillsides where farmers harvest the crops with the help of their families on small parcels of land. These families have usually

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<sup>1</sup> Several studies have discussed and debated the positive and negative aspects of the fair-trade movement. Some have criticized the ideological basis of using consumption to reduce consumption-related problems (Johnston 2002) or to maintain the imbalanced power relations between the Northern hemisphere (consumers) and Southern hemisphere (producers) (Lyon 2006). Others favor fair-trade-expanded economic and social indicators, such as income, education, and health (Arnould, Plastina, and Ball 2009). In this research, we focus on the positive aspects of fair-trade markets as a vehicle for social and economic development.

worked on these lands for generations without any official entitlement to the land. Because cocaine crops require soil characteristics similar to those needed for coffee crops, farmers were and continue to be frequently threatened or attacked by guerrillas and drug dealers who want access to the farmers' lands for cocaine production (Wilson 2001). Such violent actions have displaced many farmers from their homes and forced them to enter the coping market, while others have been forced to enter the shadow market by cooperating with the guerillas and sharing their profits from cocaine production. As a result, many farmers experience a lack of control over their lives and territory.

The FNC, with support of the government, has institutionalized land ownership by promoting the restitution of the displaced families' lands, as well as providing soft loans to farmers' families for land ownership. In the 1980s, the main coffee regions were located in the country's central zones such as Quindio and Risaralda; today, the southern regions that were traditionally dominated by guerrillas and paramilitary groups have again begun to produce coffee (e.g., departments of Cauca, Nariño, and Huila) (Biswas-Tortajada and Biswas 2015). By offering farmers to take official ownership of their lands, the FNC has helped farmers to take stewardship over the territory where they reside and provided them with a perspective of long-term stability (World Fair Trade Organization 2015). This has helped empower farmers to resist or exit the shadow market and to reintegrate into the peace economy.

#### *Peacemaking Mechanism: Communication*

Farmers' coffee production-to-harvest process involves planting seeds, removing weeds, and fertilizing plants, which require continuous quality-water supply. However, cocaine production involves the use and contamination of available water sources (Dourojeanni 1992). In addition,

the government's use of air-administered pesticides to dry the cocaine fields has contaminated the water, with irreversible impacts on the neighboring coffee crops and farmers' health (Vargas 2002). This situation has provoked a double-sided problem generating disputes between coffee and cocaine farmers, as well as between coffee farmers and the government. The ideological division between farmers who are part of the coping market of coffee production and farmers who are part of the shadow market of cocaine production has dissolved social ties leading to exclusion and discrimination among community members that transcend the conflict itself and may become a challenge for the communities, post conflict (United Nations 2014). The harmful effect of government air-administered pesticides has furthermore provoked several lawsuits against the government (Sherret 2005) which has delegitimized its role as promoter of individuals' wellbeing.

Both issues have been addressed and improved through the FNC's development of coffee farmer cooperatives, in which democratic decision making is mandatory. Being part of these cooperatives resulted in farmers embracing the realities of social interdependence, such as communication and collaboration; participation has motivated farmers to reflect on their civic participation by resisting pressures to grow cocaine (Nicholls and Opal 2005), thereby weakening the shadow and combat markets.

Moreover, the FNC has given a collective and, thus, more powerful voice to farmer cooperatives to communicate and negotiate with the government about alternative ways of eradicating cocaine plantations. To support these discussions, the FNC has funded research on the effects of pesticides on the quality of the soil and on farmers' health. As a result, government agencies (e.g., United States Agency for International Development in cooperation with local Colombian agencies) have developed programs for implementing alternative practices to

transforming cocaine fields (e.g., manual eradication), rallying the collective help of farmers and former guerrilla combatants (Belgian Development Cooperation 2012). Through these programs, as well as new regulations limiting the use of pesticides, the government has regained trust as a protector and provider of public goods.

*Peacemaking Mechanism: Community Building*

After the harvest ends and before being exported, coffee needs an industrial process that includes de-pulping, drying, milling, and grading the beans according to export-quality standards. On most farms, this process occurs in a rudimentary way, as there are no developed production capabilities. Because of the intersection with cocaine production markets, private investments in many coffee regions have stalled, which limits farmers' possibility to improve the quality and quantity of coffee production. As a result, many farmers have trouble reaching a minimum subsistence level, which in turn forces them to employ all family members (including women and children) to work as casual laborers under poor circumstances (World Fair Trade Organization 2015). This element creates a vicious cycle in which the dynamics of farmers' poverty limits their abilities to obtain the tools (e.g., education) that could help them escape poverty, exposing them to the dubious opportunities offered by shadow and combat markets (Becker 1968; Oetzel et al. 2010).

The fair-trade market promoted by the FNC has played an important role in overcoming this vicious cycle of poverty. The FNC has supported international companies such as Nestlé and Starbucks to invest in traditional guerrilla-dominated regions to develop fair-trade coffee markets. Together with these multinational corporations, coffee cooperatives have fostered the production of indigenous, sustainable, and fair-trade-certified coffee controlled by specific

supervision systems (Fridell 2007). The certified system comes with educational programs that empower farmers through increased knowledge and expertise. In addition, processing facilities have been built and shared among members of the fair-trade farmer communities, which has improved farmers' work conditions. With better quality equipment, coffee quality and quantity have increased, with positive effects on farmers' income levels (Biswas-Tortajada and Biswas 2015). Additionally, coffee cooperatives decide on the allocation of the surplus economic benefits of their joint activity, including the provision of community services such as education and health care. This further contributes to community building, as both fair traders and non-fair traders gain from these benefits (see Arnould et al. 2009).

#### *Peacemaking Mechanism: Regulation*

In the final stage of the coffee production system, farmers sell their coffee to brokers. Suranovic (2015) describes the broker system as an hourglass, in which a large number of small coffee farmers at one end need to pass the product through a small number of intermediaries to reach a large number of consumers at the other end. This market concentration of intermediaries is a determinant in the low payment farmers receive for their product, which is estimated as no more than 10% of the coffee retail price (Fair Trade 2012), estimated in US\$1.15 per pound in 2015 (FNC 2015b).

Although the FNC is not a governmental agency, and thus cannot enforce laws, its actions have promoted fair trade, commercial-governing rules that have been adopted by other industry stakeholders (Utting 2015). The FNC has become one of the brokers of Colombian fair-trade coffee, exporting 26% of Colombian coffee production and offering farmers a price 200% higher than regular brokers for traditional coffee (FNC 2013). This situation has influenced other

brokers to develop self-regulated fair-trade practices so that they are also able to negotiate a higher market price (Biswas-Tortajada and Biswas 2015). The government has further supported these market initiatives by developing policies for promoting community cooperatives and fair-trade certifications (Ramirez and Marin 2013). These examples of fair-trade actions highlight ways the coffee marketing system can positively affect farmer's economic security, while helping to reintegrate actors from the shadow and combat markets.

Overall, our analysis of the fair trade coffee marketing system in Colombia has revealed the mechanism through which marketing systems can (1) provide actors from the shadow market with resources and capabilities that facilitate their reintegration to the peace economy (individual empowerment), (2) promote communication between/among actors of the coping and shadow markets and government bodies to enhance the legitimacy of the state (communication), (3) foster the development of resourceful communities incentivizing actors from the coping and shadow markets to embrace the peace economy (community building), and (4) nurture governmental support of self-imposed market regulations which promote the view that prosperity can be attained through the peace economy and legitimize the state as a provider of public good (regulation).

## **Discussion**

The marketing and public policy literature shows how marketing strategies and marketing system evolutions can be catalysts for well-being (e.g., Baker et al. 2015; Fisk 1967; Hill and Martin 2014; Layton 2015; Shultz 2007; Viswanathan, Rosa, and Ruth 2010; Wilkie and Moore 1999) by resolving various forms of social conflicts, including the commons dilemma (e.g., Shultz and

Holbrook 1999) and situations in which adversaries are enmeshed in international conflict (Shultz et al. 2005). Our research contributes to this stream of literature by offering a theory-based framework that helps systematically analyzing how marketing contributes to social conflict resolution.

We use social conflict theory as well as findings from the war- and peace-economy literature to identify the different markets that constitute a war economy: combat, shadow, and coping markets. We complement the literature review with peacemaking theories to develop a framework of market-based transformation mechanisms in order to analyze marketing systems peacemaking role in contexts characterized by long-standing violent conflict and the dominance of war economies. This framework suggests that markets can contribute to peacemaking by fostering (1) empowerment, (2) communication, (3) community building, and (4) regulation. We apply this framework to the complex marketing system of Colombian fair-trade coffee, developed by the FNC. This systemic analysis shows how the various interconnected initiatives of this organization and other actors, such as governments, farmers, former members of nefarious groups and clandestine businesses (e.g., guerillas and paramilitaries), legitimate local businesses, multinational corporations, and global consumers, have supported the process of transforming Colombia's war economy into a peace economy.

The fair-trade marketing system in Colombia has been able to reach the three objectives of peacemaking (Barnett et al. 2007). Fair trade has undermined the war economy by offering farmers a viable "way out" of the shadow market of cocaine production, thus cutting an important source of income for guerillas and drug dealers. It has restored the legitimacy of the government as provider of public good through FNC's efforts helping farmer cooperatives negotiate a switch from harmful to sustainable ways of cocaine crop destruction. The

government has also regained trust as a supporter of fair trade by developing policies for certification as well as playing an important role in land restitution and ownership programs. Finally, the fair-trade cooperatives have given farmers a means to overcome the division and tensions between those working in the shadow market and those working in the coping market. Instead of focusing on ideological differences, they now focus on business collaboration stressing solidarity and the rebuilding of trust.

Together, the market-based peace transformation activities have resulted in many positive outcomes that interact simultaneously and operate at individual (micro), group (meso), and national (macro) levels. At a micro level, farmers who had been forced by the guerillas to abandon their soil or work in shadow markets could return to coffee production to earn a regular income, which provided them with better access to education, health care, and investment loans. At a meso level, fair-trade markets fostered farmers' communities by providing shared processing facilities and implementing a democratic decision system for the allocation of the surplus economic benefits of their joint activity. These communities became farmers' collective voice to communicate with other stakeholders, such as the government, multinational corporations, and the guerillas. At a macro level, these successes spurred foreign investments in the Colombian coffee market under a new model in which international companies collaborate with the government to develop public goods and services to improve farmers' capabilities. Thus, the vicious cycle of war—and the economy that drives or thrives in it—is broken; prudent policy and prosocial marketing and consumption have transformed the war economy into a more transparent, inclusive, nonviolent, virtuous market-based peace economy.

### **Implications for Public Policy**

The implications of this research for public policy are many, varied, and consistent with the charge for transformative consumer research. Scholarship emanating from the transformative consumer research movement, for example, has noted the importance of intersectionality for effective marketing and public policy. This hints at systemic understanding of complex marketing and policy environments, with many interdependent stakeholders that also are conflicted over one or more issues. Such an approach is paramount when conflicts are careening toward or mired in systemically wide and sustained violence in the form of war. The potential for violence is exacerbated when egregious inequities among stakeholders emerge and the potential catalytic actors in the marketing/political system are unprepared or unwilling to redress them (see also Shultz et al. 2012). However, as the case of Colombia illustrates, unresolved wars eventually affect every sector and every demography, costing societies dearly in conscience, blood, and treasure, despite rank profiteering directly from the war. This reality should portend quick responses and swift, inclusive, transparent, and equitable policies that enable the constituent components of the marketing system to render said system more equitable, while delivering legal goods and services. However, the huge rewards of short-term gains for a few war profiteers often have tremendous long-term costs to a much larger group (e.g., Ostrom et al. 2002; Shultz and Holbrook 1999).

Despite this social trap (short-term war profiteering), the paths to the resolution of systemically wide, violent conflict are not complex or mysterious. The systems in which they occur, however, often are, which makes the conflict seem intractable. Thus, of particular importance is an empathic understanding and clear articulation of how inequities are experienced differently among the conflicted parties and across populations (Gopaldas 2013). For example, a

coffee grower in Ethiopia does not face the same social problems and challenges as a Colombian grower. Therefore, while opportunities for some “good” marketing and policy approaches do exist (e.g., fair-trade markets), a one-size-fits-all strategy does not. Nevertheless, in either context—especially a complex and conflicted context—systemic analysis, intervention, and changes to policies and practices are indispensable for developing peacemaking market strategies.

Our analysis suggests that marketers and policy makers aiming to promote peace need to have an integrative view that considers the different intersecting factors for provoking or preventing cooperation and mutually beneficial engagement. That is, they need to understand the consequences of marketing actions for society and vice versa, help promote fair-functioning markets through cooperation among actors and well-being for all stakeholders, and develop the policies and incentives that integrate local and global elements of markets and broader marketing systems.

Traditional approaches to promote fair-functioning markets have been to develop market-based policy instruments, including marketing policies, using a distributive market perspective adjusting the costs and benefits of their members (Nason 1989). Examples of this include the conflict resolution models regarding distribution channels (Assael 1968) and fuel taxes to compensate environmental externalities (for detailed discussion, see Ostrom et al. 2002). However, such policy approaches operate on the assumption of a perfect market, in which producers and consumers interact in a perfectly compatible way, which rarely, if ever, exists (Mason and Muller 2004). Consequently, although traditional market-based policy initiatives may be effective in correcting market imperfections, they are not so effective in resolving social conflicts in complex and dysfunctional marketing systems such as those immersed in a war

economy. Therefore, policies should be transparent, inclusive, and regularly assessed for efficacy, compliance and improvement, and, in failed cases, possible elimination (see Hill and Martin 2014; Osgood 1962; Shultz 2015; Wilkie and Moore 1999).

What should be clear is that market-based policies must be influenced by extant conflict theory, including that which exists well beyond marketing literature; we offer a synthesis in this article. Such intersectionality of disciplines can lead to an expanded theory and broader understanding of and relevance to social spaces in which conflicts arise and play out, with potentially harmful or beneficial outcomes beyond them. Furthermore, our study shows how an analytical framework based on social conflict, war/peace economy, and peacemaking literature streams can be applied for better understanding of the complex, intersecting problems that arise for the most vulnerable people trying to thrive in a troubled context such as the Colombian war economy. We also show how market-based initiatives such as fair trade can transform communities by improving empowerment, communication, community building, and regulation. Thus, using a systemic view of the intersecting and interdependent dynamics of markets, marketing, policies, and consumers in transitioning war economies provides a different perspective to actualize and elucidate tools, including marketing-related, to manage unavoidable market conflicts and to mitigate or manage those that are predictable and perhaps even desirable.

## **Conclusion**

Social conflict, particularly when violent and resulting in war, is one of the most pressing problems confronting individuals, communities, and nation-states. This article uses a systemic view to show how market-based initiatives, such as the fair-trade market developed by the FNC,

can become a transformative practice offering farmers in war economies an opportunity to escape from the shadow markets and be part of a collaborative market structure geared toward improving their well-being.

We emphasize that fair trade is only one approach among multiple market-based approaches available to marketers and policy makers who seek peacemaking initiatives. Further research should investigate other effective strategies for peacemaking along the different phases of conflict. Markets could play a different role in the management of a violent conflict during the emergence of the conflict, versus when conflict has become protracted, or during post-conflict reconstruction efforts. We invite marketing scholars to continue exploring conflict theory and the literature on war and peace economies to infuse research programs that can expand the understanding of market-based solutions to social conflict. Finally, we call for more systemic research programs that take a holistic approach to social conflict, to develop appropriate—or mutually agreed-on and acceptable—marketing and policy recommendations, on a truly transformative scale, which could drive prosocial marketing, policy, and consumer behavior at national, regional, and global levels.

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**Figure 1. Colombia: Coffee-Growing Regions and Areas of Guerrilla Influence**



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