



Ethical Consumerism Report 2021

Can we consume back better?

ethical
consumer

Since
1989

co
op

It's what we do

Can we consume back better?

The Co-op's unique Ethical Consumerism Report has tracked total UK ethical expenditure every year for the past two decades. This year's Report is released in the midst of the ongoing pandemic and heightening urgency of addressing the climate crisis. The Report poses the question: Can we consume back better?

The Co-op reports that ethical consumer spending and finance in the UK in 2020 broke through the £100bn mark for the first time, reaching record levels of some £122bn at the end of 2020. Back in 1999, the total size of ethical consumer markets in the UK was just £11.2bn. The more than ten-fold uplift shows that where businesses provide ethical choices, and where governments provide helpful incentives, consumers will respond positively.

In particular, we have seen the most significant growth in low-carbon home and lifestyle spending in Eco-travel and Transport, Green Home and Ethical Food and Drink.

Twenty years ago, certification labelling was considered niche, but now the Fairtrade, RSPCA Freedom Assured and Rainforest Alliance certification schemes are all well-established parts of mainstream consumer decision-making and are set to grow in the future.

The emergence of the government's Net Zero strategy will drive massive change in how we live our lives. It is likely to be transformative over the next five years across categories such as transportation, fuel, power, heat and buildings, and will inform ethical spending.

	2010	2019	2020	% Growth 2019-2020
Ethical Food & Drink	5,421	12,548	14,089	12.3%
Green Home	7,644	15,230	20,503	34.6%
Eco-travel & Transport	1,641	7,071	12,207	72.6%
Ethical Personal Products	909	1,633	1,898	16.2%
Community	11,110	10,560	12,155	15.1%
TOTAL ETHICAL SPEND	26,725	47,042	60,851	29.4%
Boycotts	2,485	3,287	3,875	17.9%
Ethical Money	21,947	48,208	57,181	18.6%
GRAND TOTAL	51,156	98,536	121,908	23.7%

Our Ethical Consumerism Report is a barometer on consumer behaviour - and shoppers are turning up the heat by boycotting businesses which fail to act on ethical or social concerns. The report is a warning to brands that they must do business a better way for workers, communities and the planet. But it also offers clear evidence to policy-makers that they can positively influence change.

I had the privilege of attending COP-26 and whilst we can all agree the summit did deliver some progress, the hard yards begin now. Every business will have a role to play and we're clear that a key part of our role is to help educate on how customers can make a difference by changing how they shop. And we know that we can achieve greater things together, which is why we've promised with our supermarket counterparts to halve our environmental impacts by the end of this decade.



Steve Murrells,
CEO of The Co-op Group



Key Findings

Ethical food & drink

Ethical food shopping trends reflect the changing diets of the British consumer with the vegetarian and plant-based alternatives category increasing in sales by 34%, now worth £1.5bn. Ethical spending on food and drink played out in other categories too: Fairtrade sales showed an increase of 14%, while the sale of organically certified food grew 13%. Furthermore, free-range egg sales topped over £1bn for the first time.

Boycotts

Boycotts have always had an important role to play for UK consumers in terms of what brands they do or don't want to trade with. In 2020 this trend continued with an 18% rise in boycotts on ethical grounds.

Green Home

Spending on Green Home includes energy-efficient appliances, energy-efficient boilers, ethical cleaning products and green electricity tariffs. While the category has grown year-on-year, further analysis shows that spending on eco-friendly alternatives is falling short of where we need to be to achieve Net Zero. For example, household purchases of energy-efficient gas boilers (which in 2020 reached £5bn) reflects stark comparison to household spending on heat source pumps, which reached just £130m in sales in 2020.

The biggest winners in this category were Green Electricity Tariffs which peaked at nearly £8.9bn, and a 22% uplift in sales of ethical cleaning products since 2019. Consumer interest in buying for re-use sales also increased 15.4% from 2019, reaching £837m.

The pandemic impacted sales of energy-efficient light bulbs which fell in 2020 after the global lockdown and restrictions disrupted production. However, sales of LED light bulbs in the UK are expected to increase significantly following the UK government ban on retailing halogen light bulbs from September 2021.

Eco-travel & transport

The biggest ethical spending increase was seen in the Eco-Travel & Transport sub-category, which saw an increase of over 72%, largely attributable to the sharp rise (93%) in sales of alternatively fuelled vehicles (AFVs) in which sales exceeded £10bn. Growth is linked to improvements in technology, infrastructure, government support, decreasing costs of AFVs and choice: there are over 100 plug-in car models on the UK market. Sales of bikes also performed well, largely linked to changing transportation habits during the pandemic.

Ethical personal products

Ethical personal products, including sustainable clothing, clothes buying for re-use and ethical cosmetics, also saw an uplift in sales in 2020, almost reaching £2bn. While it was widely recorded that the fashion industry faced its ups-and-downs in 2020 and the industry continues to deal with Covid-19 ramifications, the resale market greatly benefitted during this period.

Ethical money

Interest in environmental, social and governance (ESG) issues peaked in 2020 as the Covid-19 pandemic fast-tracked investment in ESG funds, heightening the importance of investors playing a direct role in a climate transition to a low-carbon economy. 2019-20 saw a 32% increase in investment in ethical businesses and funds, reaching £33bn.

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Local shopping

Some people are motivated by ethical and environmental reasons to support local businesses and their community. The commitment to 'localism' is predicted to stay, reflected in the 6% increase in spend in local shops in 2020.



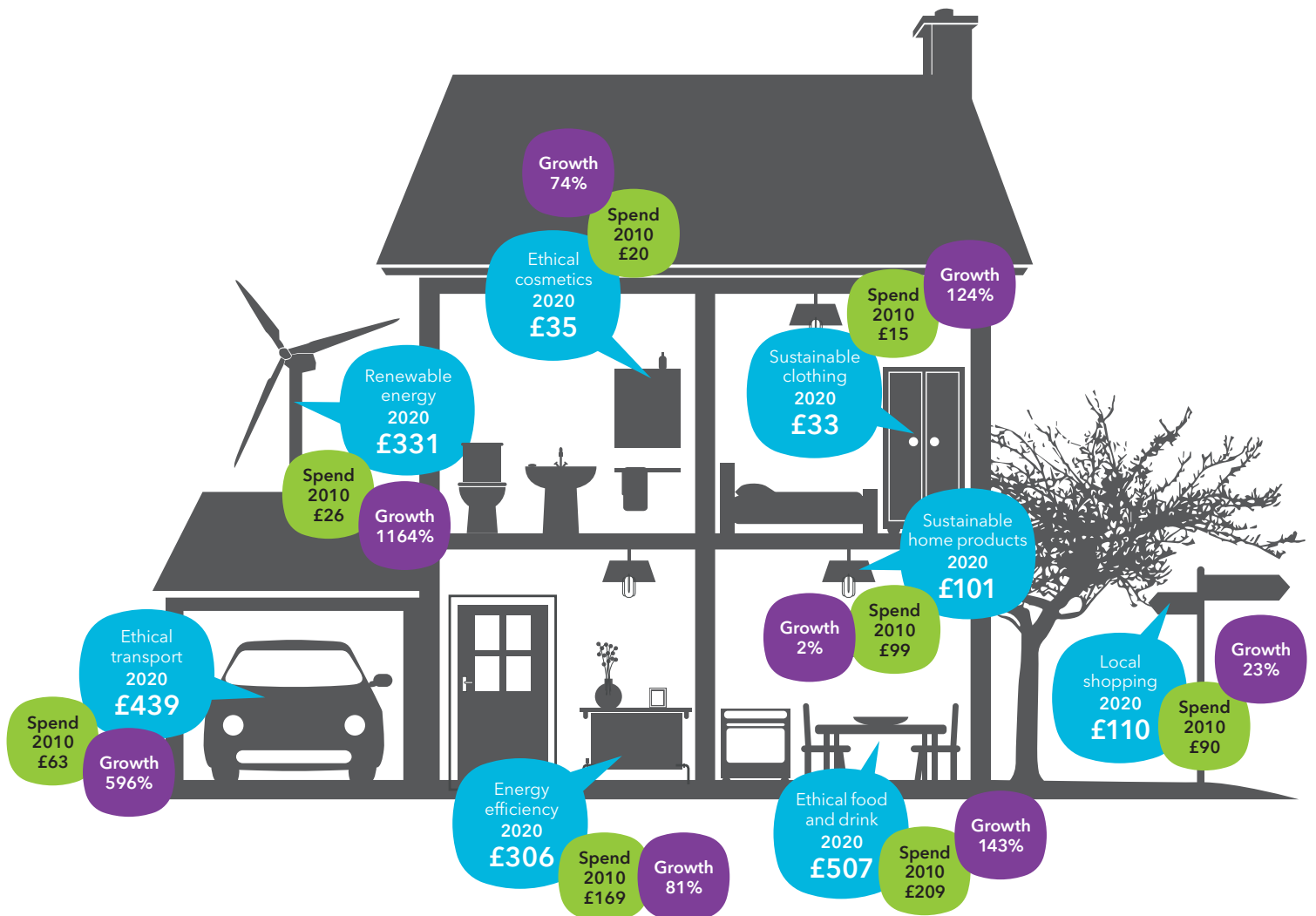
Average Household Spending per Household:

Grand Total

Spend
2010
£1028

Spend
2020
£2189

Growth
113%



Ethical Consumerism in the UK, 2010 - 2020

Ethical Food and Drink	2010 £m	2019 £m	2020 £m
Organic	1,475	2,324	2,619
Fairtrade	1,094	1,671	1,899
Rainforest Alliance	1,198	3,288	3,568
Free Range Eggs	419	873	1,102
Vegetarian & Plant-based Alternatives	541	1,114	1,490
RSPCA Assured (Freedom Food)	573	2,378	2,593
Sustainable Fish	121	899	818
SUBTOTAL	5,421	12,548	14,089
Green Home	2010 £m	2019 £m	2020 £m
Energy-Efficient Appliances	2,068	2,998	3,334
Energy-Efficient Boilers	2,332	4,429	5,044
Micro Generation	249	208	146
Energy-Efficient Light Bulbs	43	173	163
Heat Pump Installations**	-	146	130
Home Insulation Installations***	-	138	116
Ethical Cleaning Products	42	78	95
Sustainable Timber and Paper	1,655	1,499	1,710
Buying for Re-use	823	726	837
Green Electricity Tariffs	432	4,836	8,928
SUBTOTAL	7,644	15,230	20,503
new category for 2020 data *new category for 2020 data			
Eco-travel & Transport	2010 £m	2019 £m	2020 £m
Alternative Fuel Vehicles	n/a	5,398	10,461
Tax Band A Cars	846	733	558
Bicycles	795	940	1,188
SUBTOTAL	1,641	7,071	12,207
Ethical Personal Products	2010 £m	2019 £m	2020 £m
Ethical Clothing	63	53	57
Buying for Re-use - Clothing	321	700	864
Ethical Cosmetics	525	880	976
SUBTOTAL	909	1,633	1,898
Community	2010 £m	2019 £m	2020 £m
Local Shopping	2,330	2,896	3,067
Charity Shops	468	756	746
Charity Donations	8,312	6,907	8,342
SUBTOTAL	11,110	10,560	12,155
Boycotts	2010 £m	2019 £m	2020 £m
Food and Drink	1,084	1,046	1,136
Transport	1,068	1,723	2,119
Personal	333	518	620
SUBTOTAL	2,485	3,287	3,875
Ethical Money	2010 £m	2019 £m	2020 £m
Ethical Banking	9,043	19,683	20,536
Ethical Investment	11,300	25,300	33,291
Credit Unions	1,552	2,994	3,097
Ethical Share Issues	52	230	258
SUBTOTAL	21,947	48,208	57,181
GRAND TOTAL	51,156	98,536	121,908

This year's Ethical Markets Report data includes updated figures for 2019 as well as collected financial performance data for 2020. The research includes 33 datasets covering Ethical Food & Home, Travel & Transport, Personal, Community, Boycotts and Finance. This includes the addition of two new datasets which monitor heat pump installations and home insulation installations.

Ethics and Sustainability at the Co-op

The story of ethical consumerism in the UK cannot be told without reference to Co-op. Since 1844, the co-operative movement has been built on values of clear social purpose and doing the right thing. Our vision today is a continuation of this: to use the power of co-operation to create a fairer world.

We have a long history of taking the lead on the issues that matter most to our members, from being one of the first businesses recognising the need to tackle climate change to our many 'Fairtrade firsts', from our campaigning for social justice and work to protect human rights for workers, to animal welfare standards that go over and above legal requirements.

In the face of the climate change crisis global society is facing, in 2021 we launched a Ten-Point Plan that sets out our pathway to achieving net zero by 2040, 10 years ahead of international agreements. From products and packaging to power and pension fund investments, the plan details how Co-op will reduce the impact of operations and products across Food, Funeralcare, Insurance and Power businesses. The plan sets out targets, endorsed by the Science Based Targets Initiative, in line with the carbon reduction that is required to cap global temperature increases and meet the goals of the Paris Agreement. In October 2021, Co-op rebranded all its stores to raise awareness of COP26 with all its customers and members (see the front cover).

About this report

The Ethical Consumerism Report has been produced annually since 1999 and acts as a barometer of ethical spending in the UK.

In this report, ethical consumerism is defined as personal allocation of funds, including consumption and investment, where choice has been informed by a particular issue – be it human rights, social justice, the environment or animal welfare.

Community and Charity expenditure includes a combination of charity shop sales and donations to charities involved in activities such as human rights or animal welfare. Local shopping includes consumer expenditure in what they consider to be 'local shops' within their community, e.g. independent stores.

Further information

'Ethical Consumerism - Can We Consume Back Better?' was produced by the Co-op, in partnership with Ethical Consumer.

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Previous reports are available at:

www.ethicalconsumer.org/research-hub/uk-ethical-consumer-markets-report

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With thanks to: ABCUL, British Egg Information Service, Charities Aid Foundation, DVLA, Ecovia Intelligence, EIRIS Foundation, GfK Retail and Technology UK, Kantar Worldpanel, Irish League of Credit Unions, Mintel, MSC, Ofgem, RSPCA Assured, SEDBUK, SMMT, Suma Wholefoods, The Fairtrade Foundation, The Grocer, The Soil Association, YouGov.