

The **co-operative** bank
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Ethical Consumerism Report 2010

Ethical shopping through
the downturn

Part of The **co-operative** financial services



Foreword

Expenditure on green goods and services has grown by 18 per cent over the last two years, despite the economic downturn. Overall, the ethical market in the UK was worth £43.2 billion in 2009 compared to £36.5 billion two years earlier, against the background of one per cent growth in overall household expenditure over this period. However, ethical spend remains a small proportion of the total annual consumer spend of some £700 billion.

Ethical consumerism's winners and losers through the downturn

Winners	Losers
Fairtrade	Organic food
Freedom Food	Rechargeable batteries
Ethical Banking	Real nappies

Over the last two years, expenditure on ethical food and drink increased 27 per cent to reach £6.5 billion, representing eight per cent of all food and drink sales. Fairtrade food grew by 64 per cent to reach £749 million, while sales of Freedom Food certified products tripled in two years to reach £122m. Sales of organic food fell by 14 per cent to £1,704 million.

Ethical personal products, including clothing and cosmetics, were the fastest growing sector, increasing by 29 per cent over two years to reach £1.8 billion. The market for green home products such as energy efficient appliances was more stable, growing by eight per cent in two years to reach £7.1 billion.

Ethical finance increased by 23 per cent to reach £19.3 billion between 2007 and 2009, helped by a 'flight to trust' among consumers disenchanted with much of the financial services sector.

This report clearly shows that growth in ethical consumerism continues to outstrip the market as a whole. This will come as a surprise to those commentators who thought ethical considerations could be the first casualty of an economic downturn.

While the rapid growth in areas such as Fairtrade and ethical finance continues, other areas such as micro-generation and renewable electricity have unfortunately failed to make significant progress. We welcome the introduction of feed-in-tariffs for household renewable generation, and would hope to see the impact of these come through in future years' reports.

Consumer commitment to ethical products has remained strong through the downturn, however it remains clear that ambitious legislation is needed to enable the mass-market take-up of low carbon lifestyles.

Barry Clavin
The Co-operative Bank



Key findings

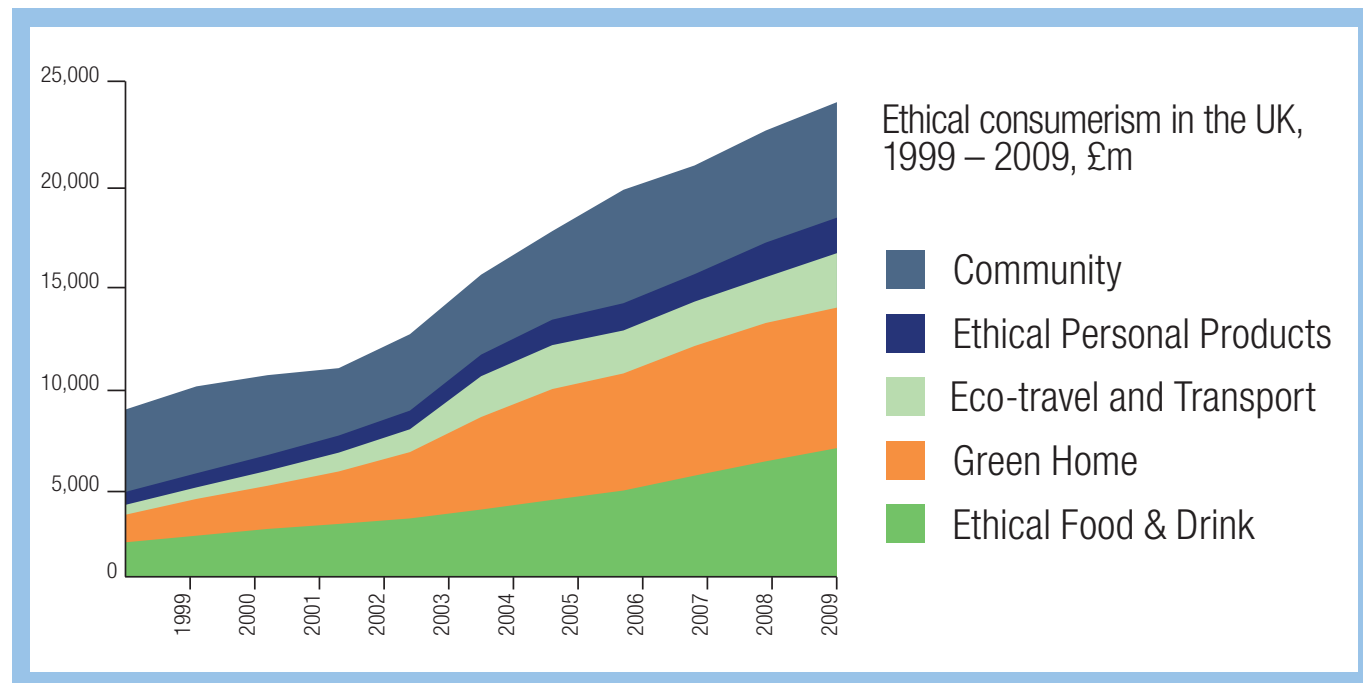
Spending on ethical food and drink has increased by 27 per cent in the last two years, from £5.1 billion to £6.5 billion. Fairtrade food sales increased by 64 per cent to £749 million, and sales of Freedom Food certified products more than trebled, from £28 million to £122 million. At the same time, organic foods declined by 14 per cent to £1.7 billion.

Green home expenditure has grown by eight per cent in the last two years, to reach £7.1 billion. Sales of energy efficient electrical appliances, rated 'A' or above, have stayed all but flat, although within this category, sales of appliances rated 'A+' or 'A++' have shown strong growth. Energy efficient light bulbs showed a small decline in sales from £41 million to £40 million, however this was largely due to price discounting by retailers, and masked an increase in sales volumes over this period.

Spending on eco-travel and transport has grown by 23 per cent in the last two years, from £2.2 billion to £2.7 billion. The 'green cars' category grew by 67 per cent to reach £370 million, largely due to growth in sales of tax band 'A' cars with CO₂ emissions of 100 g/km or lower. Sales of electric cars have fallen from £4.7 million in 2007 to less than £1 million in 2009.

Expenditure on ethical personal products has grown by 29 per cent in the last two years to reach £1.8 billion. Sales of ethical clothing grew by 72 per cent to reach £177 million, while charity shop sales grew by 62 per cent to £340 million.

Monies in ethical finance, which includes ethical banking and investments, have grown by 23 per cent over two years to stand at £19.3 billion, from £15.7 billion a year before.



Ethical consumerism in the UK, 2007-2009

	2007	2008	2009	% growth
	£m	£m	£m	2007-2009
Ethical Food & Drink				
Organic	1,982	1,986	1,704	-14%
Fairtrade	458	635	749	64%
Rainforest Alliance	-	369	1,076	-
Free range eggs	314	419	447	42%
Free range poultry	130	174	174	34%
Farmers' markets	220	220	220	0%
Vegetarian products	758	768	780	3%
Freedom foods	28	58	122	336%
Sustainable fish	70	128	178	154%
Food and drink boycotts	1,144	1,069	1,040	-9%
Sub-total	5,104	5,826	6,490	27%
Green Home				
Energy efficient electrical appliances	1,888	1,893	1,907	1%
Energy efficient boilers	1,794	1,942	2,005	12%
Micro-generation	32	36	51	59%
Green mortgage repayments	404	455	418	3%
Energy efficient light-bulbs	41	43	40	-2%
Ethical cleaning products	38	41	40	5%
Sustainable timber and paper	1,019	1,325	1,417	39%
Green energy	212	285	306	44%
Rechargeable batteries	48	46	41	-15%
Buying for re-use - household products	1,064	913	866	-19%
Sub-total	6,540	6,980	7,091	8%



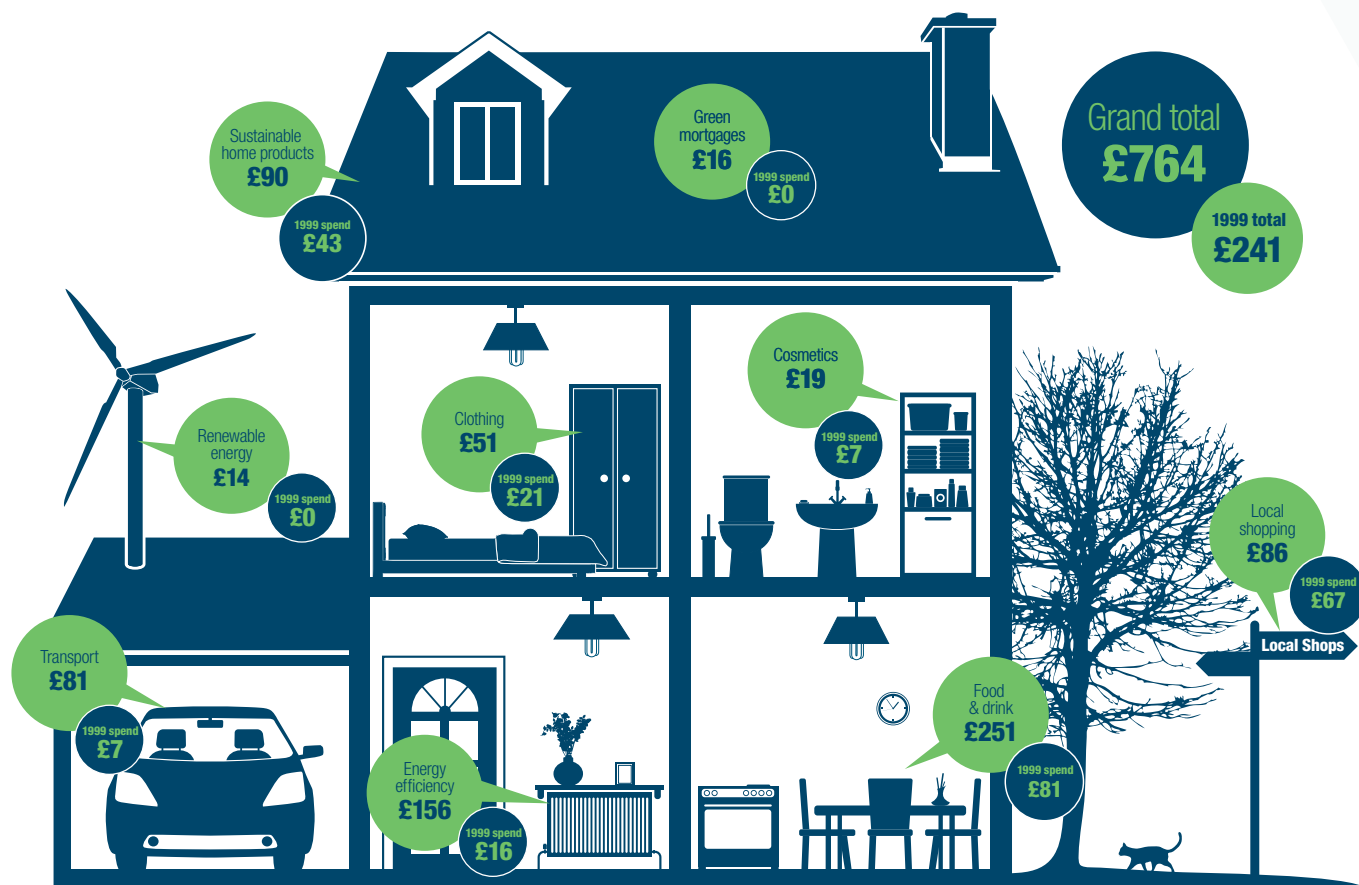
	2007	2008	2009	% growth
	£m	£m	£m	2007-2009
Eco-travel and Transport				
Public transport	475	459	560	18%
Responsible tour operators	107	112	111	4%
Environmental tourist attractions	20	19	19	-5%
Green cars	222	282	370	67%
Bicycles	600	639	665	11%
Travel boycotts	817	800	1,022	25%
Sub-total	2,241	2,311	2,748	23%
Ethical Personal Products				
Ethical clothing	103	184	177	72%
Ethical cosmetics	371	473	486	31%
Charity shops	210	299	340	62%
Buying for re-use - clothing	360	402	387	8%
Clothing boycotts	338	384	399	18%
Real nappies	4	3	3	-25%
Sub-total	1,386	1,745	1,792	29%
Community				
Local shopping	2,135	2,108	2,233	5%
Charitable donations	3,349	3,546	3,594	7%
Sub-total	5,484	5,655	5,827	6%
Ethical Finance				
Ethical banking	6,287	6,976	9,083	44%
Ethical investment	8,907	6,825	9,535	7%
Credit unions	465	478	579	25%
Ethical share holdings	63	74	78	24%
Sub-total	15,722	14,353	19,275	23%
Grand Total	36,477	36,870	43,223	18%



Average spend per household

In 2009, the average spend per household on ethical products and services, excluding charitable donations and ethical finance, reached £764, a three-fold increase from 1999. Of this total, spend to address climate change, for example on green transport, energy efficiency and renewable energy, has grown from just £23 in 1999 to reach £267 by 2009.

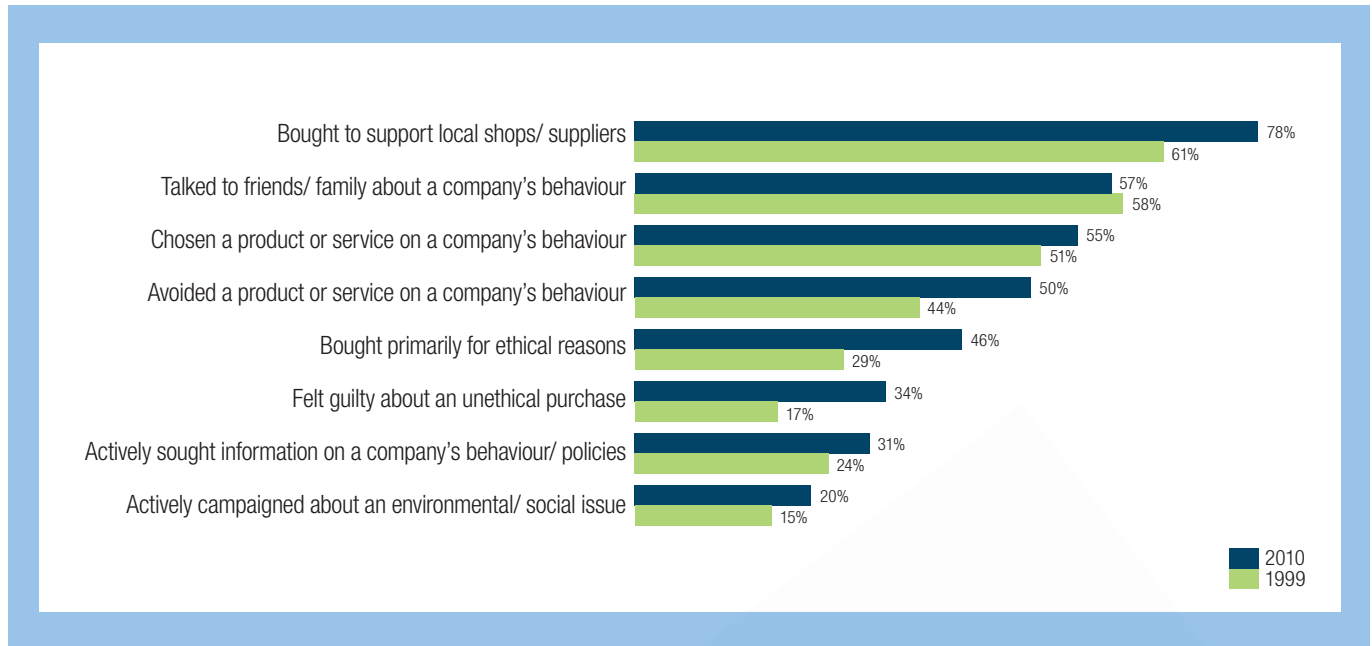
Ethical spending by the average household, £ per year¹



¹ 'Energy efficiency' includes energy efficient electrical appliances, energy efficient boilers & rechargeable batteries; 'transport' includes all eco-travel & transport; 'renewable energy' includes micro generation & green energy tariffs; 'food & drink' includes all ethical food and drink; 'Sustainable home products' includes sustainable timber, buying for re-use (household products) & energy efficient light bulbs; 'clothing' includes ethical clothing, charity shops, buying for re-use (clothing), clothing boycotts and real nappies.

Ethical Behaviours

% of people undertaking the following at least once during the year²



² Figures have been determined by the annual Ethical Shopping Survey by The Co-operative Bank. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1013 adults. Fieldwork was undertaken between 18th and 19th November 2010. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).



About this report

The Co-operative Bank's Ethical Consumerism Report has been produced 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.

Further information

The Ethical Consumerism Report 2010 was produced by The Co-operative Bank, with additional research by the Ethical Consumer Research Association (ECRA). This booklet represents the authors' personal opinions and interpretation of the subject and not the views, opinions or policies of The Co-operative Bank. This booklet may not be reproduced without the express permission of The Co-operative Bank or the authors.

Previous Ethical Consumerism Reports are available at:

www.goodwithmoney.co.uk/ethicalconsumerismreport

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