



Ethical Consumer
Markets Report 2014

ethical
consumer

Foreword

Ethical Spending

The value of ethical spending grew by 9% (in 2013), rising to £32.2bn. This performance looks particularly good when compared to inflation (2.4%) or economic growth (1.9%) over the same period.

Government policy continued to be the most significant driver of change with the biggest growth area (78%) being sales of tax-band A-rated cars and the biggest decline (-55%) occurring in home renewable energy installations.

New horizons – open data

The Ethical Consumer Markets Report has been produced annually since 1999 and is designed to act as a barometer of ethical spending in the UK. This year the project is a new collaboration between Ethical Consumer and the Consumer Data Research Centre, a project run by the University of Leeds, University College London, University of Liverpool and University of Oxford.

As part of this new partnership, background data from the research will be released on to an open data platform. This will make it freely available to academics and others who may want to explore particular aspects of the data in more detail.

This is an exciting stage in the development of the Ethical Consumer Markets Report and will help to deepen the debate that has always been at the heart of this project.

Personal boycotts in 2015

The overall value of boycotted products fell by around 27% last year. This is likely to be because of unusually high figures for the previous two years as a result of the horsemeat scandal, affecting meat sales, and the Rana Plaza factory collapse, affecting clothes sales.

Despite this, our latest survey shows that nearly 20% of the UK population boycott specific products or outlets as a result of ethical concerns. Boycotts are more prevalent amongst younger people and those living in Wales and London. Tax avoidance is one of the most popular reasons for boycotts: Our figures indicate that around 2.97 million people in the UK actively boycott companies over their tax avoidance.

Ethical Money

Following the Co-operative Bank's (ill-fated) merger with the Britannia building society, the value of money deposited ethically increased significantly. As of 2011 Britannia's figures have been included in the Ethical Consumer Markets Report. The Ethical Money element has now grown to £43.2 bn – exceeding the ethical spending element by some margin. Overall the value of money on deposit or invested ethically rose by 6% during 2013.



Key Findings

Food and Drink

Particularly strong sales growth in 2013 is seen in:

- Freedom Food (19%)
- Free range eggs (19%)
- Sustainably sourced fish (17%)

It is possible that growth in the first two were linked to the same surge in boycott behaviours which appear to have been detected during the supermarket horsemeat scandal in 2013 (see Boycott Value below).

Green Home

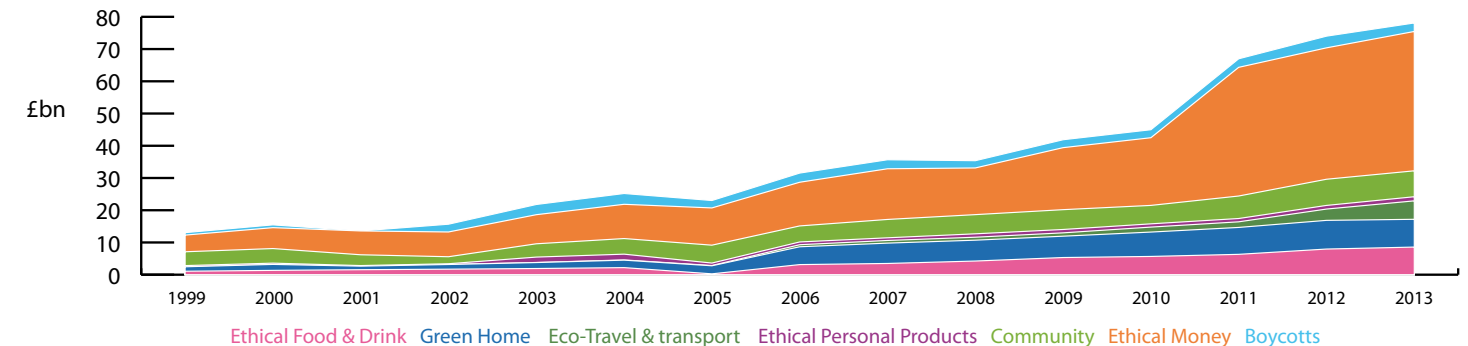
The biggest change in this sector was the fall in spending (-55%) on home renewable energy installations (mainly solar panels). The generous feed-in-tariff scheme set up by the government came to an end in April 2013 and saw – as predicted – a big fall in the rate of take up.

There was also a big rise in the sales of Green Tariffs for electricity supply (58%), after a shake up in the sector the previous year when the government forced electricity companies to simplify their offerings.

Transport

High oil prices and government tax incentives were just two factors leading to a near doubling in the sales value of electric, hybrid and tax-band-A efficient vehicles. Also important was innovation by manufacturers which is bringing the introduction of many new, more efficient, models in this area.

Ethical spending in the UK, 1999-2013



| Total £m | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 13,046 | 15,477 | 13,577 | 15,671 | 21,789 | 25,196 | 25,432 | 31,533 | 35,664 | 35,371 | 41,876 | 44,981 | 66,991 | 74,008 | 78,099 |

Ethical Spending Tables

| Ethical Food and Drink | 2000 £m | 2012 £m | 2013 £m | % Growth 2012 - 2013 |
|------------------------|--------------|--------------|--------------|-------------------------|
| Organic | 605 | 1,660 | 1,660 | 0% |
| Fairtrade | 33 | 1,553 | 1,754 | 13% |
| Rainforest Alliance | n/a | 1,980 | 1,976 | 0% |
| Free range eggs | 182 | 523 | 622 | 19% |
| Free range poultry | 44 | 268 | 268 | 0% |
| Vegetarian products | 479 | 613 | 668 | 9% |
| Freedom Food | n/a | 1,013 | 1,209 | 19% |
| Sustainable fish | n/a | 351 | 412 | 17% |
| Subtotal | 1,343 | 7,961 | 8,569 | 8% |

| Green Home | 2000 £m | 2012 £m | 2013 £m | % Growth 2012 - 2013 |
|--|--------------|--------------|--------------|-------------------------|
| Energy efficient electronic appliances | 229 | 2,138 | 2,204 | 3% |
| Energy efficient boilers | 214 | 2,490 | 2,833 | 14% |
| Micro generation | n/a | 1,407 | 634 | -55% |
| Energy efficient light bulbs | 12 | 56 | 70 | 25% |
| Ethical cleaning products | 3 | 43 | 57 | 33% |
| Sustainable timber and paper | 629 | 1,653 | 1,410 | -15% |
| Buying for re-use – household products | 759 | 973 | 1,189 | 22% |
| Green electricity tariffs | 6 | 139 | 220 | 58% |
| Subtotal | 1,852 | 8,913 | 8,603 | -3% |

| Eco-Travel and Transport | 2000 £m | 2012 £m | 2013 £m | % Growth 2012 - 2013 |
|--------------------------|------------|--------------|--------------|-------------------------|
| Tax-band A-rated cars | 4 | 2,800 | 4,978 | 78% |
| Bicycles | 348 | 705 | 745 | 6% |
| Subtotal | 352 | 3,505 | 5,723 | 63% |

| Ethical Personal Products | 2000 £m | 2012 £m | 2013 £m | % Growth 2012 - 2013 |
|------------------------------|------------|--------------|--------------|-------------------------|
| Ethical clothing | 5 | 140 | 133 | -5% |
| Buying for re-use – clothing | 218 | 432 | 520 | 20% |
| Ethical cosmetics | 175 | 556 | 626 | 13% |
| Subtotal | 398 | 1,128 | 1,279 | 13% |

| Community | 2000 £m | 2012 £m | 2013 £m | % Growth 2012 - 2013 |
|---|--------------|--------------|--------------|-------------------------|
| Local shopping | 1,620 | 258 | 181 | -30% |
| Charity shops | 141 | 378 | 431 | 14% |
| Voluntary income of top 500 charities (NEW) | 2,764 | 5,161 | 5,804 | 12% |
| Subtotal | 4,525 | 8,122 | 8,040 | -1% |

| Totals | 2000 £m | 2012 £m | 2013 £m | % Growth 2012 - 2013 |
|------------------------|---------------|---------------|---------------|-------------------------|
| Total Ethical Spending | 8,470 | 29,615 | 32,229 | 9% |
| Total Boycotts | 873 | 3,630 | 2,640 | -27% |
| Total Ethical Money | 6,483 | 40,764 | 43,231 | 6% |
| Grand Total | 15,826 | 74,009 | 78,100 | 6% |

Ethical Money

The Ethical Consumer Markets Report has included a figure for 'Ethical Money' since its inception in 2000. As we can see from the table below it includes information on banking, investment, credit unions and ethical share issues, which cover small projects such as local energy schemes.

| | 2000 £m | 2010 £m | 2011 £m | 2012 £m | 2013 £m |
|----------------------|--------------|---------------|---------------|---------------|---------------|
| Ethical banking | 2,594 | 8,963 | 27,750 | 28,885 | 28,863 |
| Ethical investment | 3,702 | 11,300 | 11,300 | 10,950 | 12,200 |
| Credit unions | 183 | 653 | 762 | 807 | 2,040 |
| Ethical share issues | 4 | 80 | 108 | 122 | 128 |
| Total | 6,483 | 20,996 | 39,920 | 40,764 | 43,231 |

In 2009 the Co-op merged with the Britannia Building Society – the second largest building society in the UK.

The ethical banking element records 'retail deposits' (in current accounts, savings accounts and ISAs) at places like the Co-operative Bank and Ecology Building Society. With the acquisition of the Britannia in 2009 around £17 bn of new retail deposits joined the Co-op.

Within a couple of years of the merger, the Co-operative Bank was applying the necessary ethical screens to Britannia business customers. By 2011 it was beginning to report Britannia's retail deposits alongside the Bank's. Following the Co-operative Bank's restructure in 2014 it has retained and

developed its Ethical Policy. For this report, the Britannia deposits have been integrated with the Co-operative Bank's from 2011 onwards, re-stating previously published figures for 2012 and 2011.

In the table above, there is a big jump between the £21 bn of ethical money reported in 2010 and the almost £40 bn reported in 2011.

However the sum is so enormous – bigger than all ethical food purchases in a given year – that we certainly need to report it as an 'extraordinary item'. It has also prompted us to start reporting ethical money and ethical consumption separately from this point onwards.

Overall Ethical Money growth in 2013 was 6%.

Consumer Opinion Survey

The Ethical Consumer Markets Report combines market size measurement with a YouGov opinion survey of general ethical consumer behaviour. This year we are not only communicating more data from the survey, but are also making the full survey results freely available online as part of a partnership with Leeds and Liverpool Universities (for more information see 'Who's behind this report?' on page 10).

Personal Boycotts

In recent years many large campaign groups have moved away from the use of boycotts as a campaign tool and towards supporting accreditation schemes like Fairtrade or Marine Stewardship Council certified fish. Despite this:

- Much of the UK population are currently operating personal boycotts over ethical issues, with 19% of the UK population having chosen not to buy a particular product or shop at a particular outlet because of concerns about its ethical reputation
- Personal boycotts are slightly more prevalent (22%) amongst younger people (18-34)
- Boycotting is most prevalent in Wales (24%) followed by London (22%)
- 33% of students said they have operated some kind of boycott in the past 3 months
- Boycotters are more likely to be social-media savvy: 33% of those who use Google+ on a monthly basis, 32% of those who use LinkedIn and 26% of those who use Twitter have boycotted due to ethics.

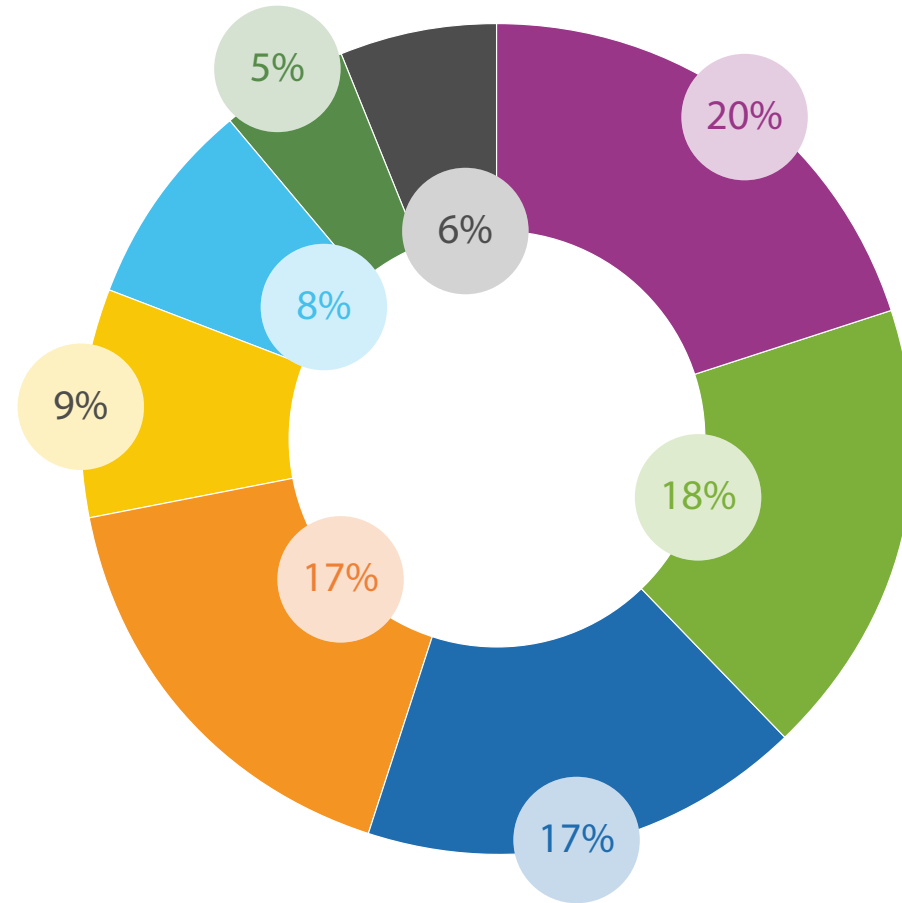
One of the most popular types of personal boycott operated by shoppers in the UK in February 2015 was around tax avoidance. Many mentioned Starbucks in the survey. If we assume an adult population of 50.5 million, our figures indicate that around 2.97 million people in the UK actively boycott companies over their tax avoidance.*

All survey figures (not market size calculations), unless otherwise stated, are from YouGov Plc. Total sample size was 1054 adults. Fieldwork was undertaken between 5th and the 10th of February 2015. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

** Extra analysis conducted by Ethical Consumer.*

Topics of Boycotts*

- Labour standards
- Tax
- Human rights
- Corporate practices
- Animal welfare
- Ecological impact
- Political
- Other/localism



| Value of boycotts* | 2000 £m | 2013 £m | 2015 £m | % Growth 2014 - 2015 |
|--------------------------------|------------|--------------|--------------|-------------------------|
| Food and drink | 587 | 2,478 | 1,482 | -40% |
| Transport | 112 | 846 | 898 | 6% |
| Clothing and personal products | 174 | 306 | 260 | -15% |
| Total | 873 | 3,630 | 2,640 | -27% |

* Extra analysis conducted by Ethical Consumer.

General ethical shopping responses

The survey also showed that, in the last 12 months:

- 70% of people have bought to support local shops or services
- 56% have talked to friends or family about a company's behaviour
- 50% have chosen a product or service because of a company's reputation for responsibility
- 48% have avoided a product or service because of a company's poor reputation for responsibility
- 42% have recommended a company because of its reputation for responsibility

In addition:

- 81% of people recycle weekly
- 25% of people who have decreased their travel in private motor vehicles and increased walking, cycling or using public transport in the last few years, have done so for environmental reasons.

The survey asked people about whether and why they were avoiding certain products, and the value of their spending which was affected. Ethical Consumer has estimated the value of boycotts in key sectors and found that, compared to previous years, this has decreased.

The biggest drop occurred in the value of food and drink boycotts. This is likely to be because in 2013 the supermarket horsemeat scandal hit, making that year's figures unusually high. By 2015 boycott levels had settled down to more familiar patterns.

The same appears to be the case in clothing and personal products boycotts. The data in the 2013 report was perhaps unusually high because the Rana Plaza factory collapse occurred that year and led to a greater number of people boycotting the clothes shops involved.



Who's behind this report

The Ethical Purchasing Index began life in 1999 as project of the Co-operative Bank which was intending to measure sales of ethical goods and services on an annual basis. Ethical Consumer Research Association joined as a project partner in 2006 providing market data for the report. Since then the project has changed names a couple of times, and it's sponsor became the Co-operative Group, but the core of the measured data remained the same.

In 2014 the Co-operative Group, going through a period of re-structuring, decided that it no longer wished to fund this report. Ethical Consumer took on management of the project and has found a new partner – the Consumer Data Research Centre, an ESRC-funded project run by the University of Leeds, University College London, University of Liverpool and University of Oxford.

Many organisations have been extremely helpful in providing data for this report including:

ABCUL, Bio-D, British Egg Information Service, BUAV, DVLA, EIRIS Services Ltd, Energy Saving Trust, Freedom Foods, FSC, GfK Marketing Services, Kantar Worldpanel, Irish League of Credit Unions, Lush, Mintel, MSC, Organic Monitor, Rainforest Alliance, SMMT, The Fairtrade Foundation, The Soil Association, Vegetarian Society, Wilmington Group Plc, YouGov Plc.

The 2014 Ethical Consumer Markets Report was compiled by: Heather Webb, Joanna Long, Rob Harrison and Rachel Kenyon at Ethical Consumer. Thanks also to Ryan Brightwell at Bright Analysis, Adele Armistead at Moonloft, Barry Clavin from the Co-operative Group and Professor William Young from Leeds University.



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For further information contact: enquiries@ethicalconsumer.org

