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The Ethical Consumerism Report 2008



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



Foreword

As the UK economy enters an economic downturn, many commentators are predicting that consumers will switch their priority from 'values' to 'value', bringing an end to the growth that has been seen in ethical markets over the last five to six years.

Of course, ethical markets remain small and vulnerable. However, this report shows that despite the first tremors of the downturn being felt towards the end of last year, overall ethical spend in the UK reached £35.5 billion in 2007, up 15 per cent from £31 billion in the previous 12 months.

It would appear that green legislation and choice editing are playing a significant role in maintaining momentum in the ethical markets. For some time now, The Co-operative Bank has argued that only legislation will secure the necessary changes to deliver mass market, low carbon lifestyles. We are now seeing that Government intervention, which promotes energy efficient products such as boilers, white goods and more recently light bulbs, is underpinning these markets and ensuring that they continue to grow.

In addition, consumers' emotional attachment to many ethical products is now well embedded, and we would argue that these areas will have an advantage over other markets in a downturn, particularly where the premium for the ethical choice is relatively low, as with Fairtrade. In addition, some ethical choices appeal to consumers' economic sensibilities as much as to their emotions, and energy-saving products with an economic payback would appear well-placed to deal with the economic climate.

Of course, the state of the economy will impact on consumer spending and on ethical markets. However, we would argue that government intervention to stimulate these markets and further choice editing will ensure that the economic downturn will not stop the growth of ethical consumerism.

Barry Clavin

The Co-operative Bank

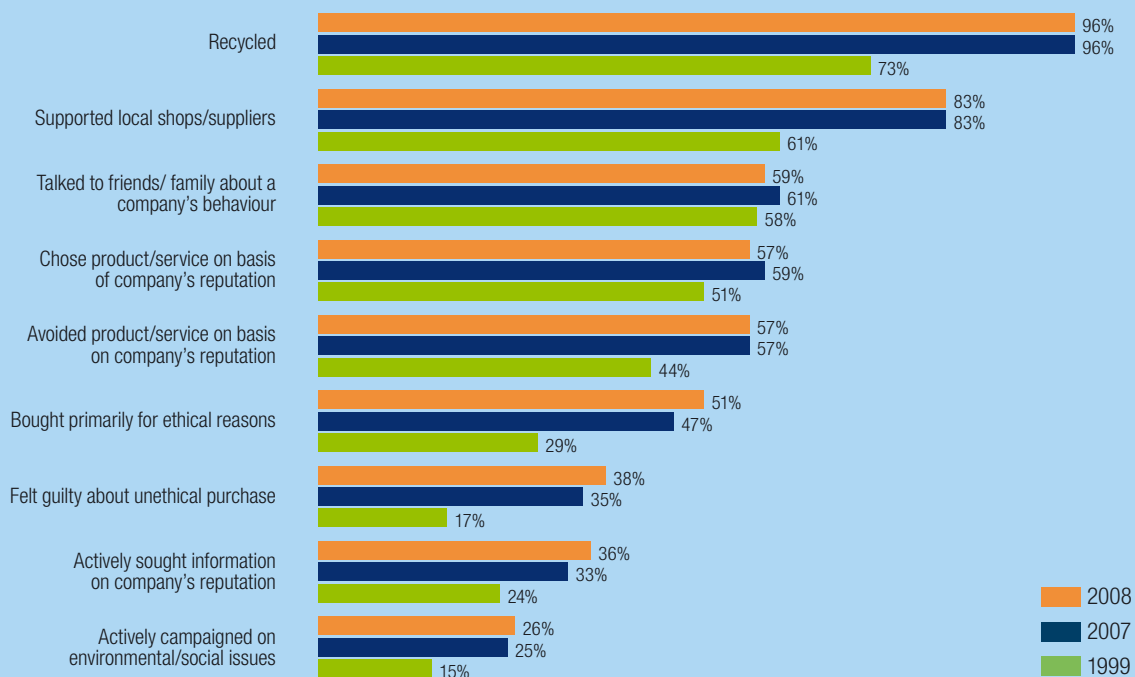


Key findings

Last year, on average, every household in the UK spent £707 in line with their ethical values, up from £630 in 2006. However, overall ethical spend at £35.5 billion is still a small proportion of the total annual consumer spend of more than £600 billion.

- **Spending on ethical food and drink**, which includes organic products, Fairtrade goods and free-range eggs, was up 14 per cent from £5.1 billion to £5.8 billion
- **Green home expenditure**, which incorporates energy-efficient electrical appliances, green mortgage repayments, small renewables (such as micro-wind turbines) and green energy was up 13 per cent from £5.9 billion to £6.7 billion
- **Eco-travel and transport**, including environmentally friendly transport, responsible tour operators, public transport and sales of green cars, was all but flat at £1.6 billion
- **Spending on ethical personal products**, such as humane cosmetics and eco-fashion, (e.g. Fairtrade cotton) was up 4 per cent to £1.3 to £1.4 billion
- **Monies in ethical finance**, which includes ethical banking and investments, was up 15 per cent to stand at £15.6 billion, up from £13.3 billion last year

% people undertaking the following at least once during the year



Ethical consumerism in the UK, 2006 - 2007

	2006 £m	2007 £m	% growth 2006-2007
Ethical Food & Drink			
Organic	1,737	1,911	10
Fairtrade	285	458	61
Free range eggs	259	314	21
Free range poultry	116	130	12
Farmers' markets	225	220	-2
Vegetarian products	664	826	24
Freedom foods	18	28	56
Sustainable fish	55	70	27
Dolphin friendly tuna	223	237	6
Food and drink boycotts	993	1,144	15
Eating out boycotts	543	500	-8
Sub-total	5,118	5,838	14
Green Home			
Energy efficient electrical appliances	1,824	1,888	4
Energy efficient boilers	1,471	1,794	22
Micro-generation	32	36	13
Green mortgage repayments	396	404	2
Energy efficient light-bulbs	26	41	58
Ethical cleaning products	34	38	12
Sustainable timber and paper	696	1,019	46
Green energy	127	174	37
Rechargeable batteries	42	75	79
Buying for re-use - household products	1,330	1,291	-3
Sub-total	5,978	6,760	13
Eco-travel and Transport			
Public transport	377	475	26
Responsible tour operators	103	110	7
Environmental tourist attractions	18	22	22
Green cars	96	223	132
Travel boycotts	1,030	817	-21
Sub-total	1,624	1,647	1
Ethical Personal Products			
Ethical clothing	52	89	71
Ethical cosmetics	386	448	16
Charity shops	224	184	-18
Buying for re-use - clothing	421	360	-14
Clothing boycotts	281	338	20
Real nappies	4	4	0
Green funerals	22	26	18
Sub-total	1,390	1,449	4
Community			
Local shopping	1,607	2,135	33
Charitable donations	1,951	2,072	6
Sub-total	3,558	4,207	18
Ethical Finance			
Ethical banking	5,551	6,125	10
Ethical investment	7,223	8,926	24
Credit unions	462	482	4
Ethical share holdings	55	65	18
Sub-total	13,291	15,598	17
Grand Total	30,959	35,499	15



About this report

The Co-operative Bank's Ethical Consumerism Report has been produced for nine consecutive years 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.

Figures comprise sales data and values attributable to ethically motivated behaviours (such as boycotts) as determined by the annual Co-operative Bank Ethical Household Spend Survey. For the 2007 survey, the total sample size was 1,065 adults. Fieldwork was undertaken between 13th and 17th September 2007. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

Further information

The Ethical Consumerism Report 2008 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.

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