



Ethical Consumer
Markets Report 2013

ethical
consumer

Foreword

Ethical markets in the UK continue to show strong growth despite recessionary pressures.

Latest figures show that sales of ethical products grew by more than 12% in a year when the UK economy grew by only 0.2%. The ethical market is now worth just over £54 billion – greater than the market for alcohol and tobacco.

This report, which analyses sales data across consumer sectors like food, travel and finance, has become a widely-respected annual barometer of green markets since 1999. Again this year it shows how governments, companies, consumers and campaigners have all played a role in driving this growth.

Significant contributors include:

- sales of Rainforest Alliance certified food products up by 47% with big companies making these products more widely available
- spending on micro-generation (renewables) up by 50% continuing to benefit from generous government incentives
- sales of A-rated cars (a CO2 emission ranking) soaring by 157% amidst higher costs of fuel, government incentives and a wider choice of models from manufacturers.

According to Rob Harrison, a Director at Ethical Consumer Research Association, "The annual Ethical Consumer Markets Reports have shown significant growth each year since the onset of the recession. This clearly demonstrates that the trend towards ethical buying is not a luxury which consumers choose to drop when the going gets tough, but an important long-term change in the way people are making buying decisions."

Not every sector is growing though, and there were small falls in some sectors where price issues are most challenging. These include organic food (down by 4%) and ethical clothing (down by 1%).

And the trend towards ethical purchasing is also moving outwards into new product areas. This year ethical jewellery and 'co-consumption' have been added to the barometer, as some reliable new datasets become available. Fairtrade certified gold, for example, is now making an impact in the jewellery sector. And 'co-consumption' – where people get together to share items rather than purchasing them outright – now has some high profile players such as London's 'Boris Bikes' cycle hire scheme.

Although ethical markets are still a small proportion of overall spending it is possible to observe how, in some markets where ethical purchasing has been going on for a long time – such as eggs, coffee and bananas – a dominant market share for ethical products is on the horizon. The trends in this year's Report continue to show how this remains a realistic long-term possibility for most UK consumer markets.



Key Findings

Ethical Food and Drink

The impact of ethical consumer behaviours around food and drink increased by 36% in 2012 to reach £10.16 billion. Big movers were Rainforest Alliance products (such as tea and coffee) certified for minimum environmental and human rights standards. They saw sales increase by 46%. Also growing fast was the RSPCA's Freedom Foods label with total sales up by 37%. Less strong in the year were organic food (down 4%) and free-range poultry (down 2%).

Green Home

Sales of green home products, including energy efficient white goods, sustainable timber and renewable energy installations, were up by 7% to £8.9 billion. Although the highest feed-in-tariff rates were only available for three months during this period, home solar panel installations were so popular that sales grew by 50% over the previous year. Green energy sales were down 171%. This was because most of the big electricity companies abandoned their green electricity tariffs during this period following regulatory

changes forcing them to simplify their pricing structures. However, smaller, green electricity players all saw growth.

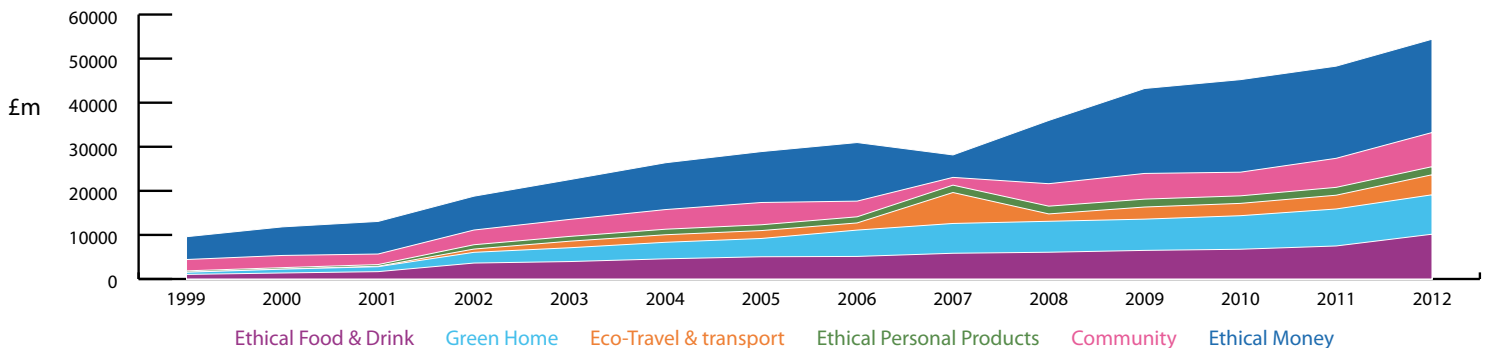
Eco-Travel and Transport

Economic activity in ethical travel and transport increased by 46% to £4.5 billion. The biggest mover was sales of electric, hybrid and tax band A efficient vehicles which were up by 157% as a result of many more models becoming available in this area.

Ethical Personal Products

Sales of ethical personal products were relatively static, rising by only 3% to £1.8 billion. There was a big rise in the purchase of second-hand clothing (31% up) and a fall in the sales (1% down) of specialist ethical clothing. This fits with the story of straightened budgets in recessionary times. New entrants in the personal products sector were ethical jewellery with £3.6 million of sales and co-consumption with £10.4 million.

Ethical spending in the UK, 1999-2012



Total £	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	9,600	11,900	13,500	18,400	22,100	26,600	29,700	32,300	35,499	36,001	43,223	45,228	48,294	54,400

Ethical consumerism in the UK, 2010-2012

Ethical Food and Drink	2010 £m	2011 £m	2012 £m	% Growth 2011 - 2012
Organic food	1,475	1,382	1,332	-4%
Fairtrade	1,064	1,253	1,552	24%
Rainforest Alliance	1,197	1,345	1,980	47%
Free range eggs	419	525	577	10%
Free range poultry	251	265	261	-2%
Vegetarian meat alternatives	541	573	613	7%
Freedom Food	572	740	1,012	37%
Sustainable fish	141	293	353	20%
Boycotts total	1,084	1,113	2,478	123%
Total	6,747	7,491	10,160	36%

Green Home	2010 £m	2011 £m	2012 £m	% Growth 2011 - 2012
Energy efficient household appliances	2,068	2,044	2,138	5%
Energy efficient boilers	2,332	2,374	2,489	5%
Micro Generation	248	936	1,407	50%
Energy efficient light-bulbs	43	48	56	17%
Ethical cleaning products	41	42	43	3%
FSC timber/wood products	1,654	1,706	1,653	-3%
Green Energy	351	378	139	-63%
Rechargeable batteries	46	45	43	-3%
Buying for re-use: household products	823	819	973	19%
Total	7,611	8,394	8,943	7%

Eco-Travel and Transport	2010 £m	2011 £m	2012 £m	% Growth 2011 - 2012
Responsible tour operators	164	169	177	4%
Visits to environmental tourist attractions	19	17	17	2%
Cars	846	1,088	2,800	157%
Bicycles	698	650	705	8%
Boycotts	1,068	1,198	846	-29%
Sub-Total	2,796	3,123	4,545	46%

Ethical Personal Products	2010 £m	2011 £m	2012 £m	% Growth 2011 - 2012
Ethical clothing	171	145	144	-1%
Ethical cosmetics	528	558	555	-1%
Charity shops	350	389	378	-3%
Buying for re-use: clothing	321	330	432	31%
Boycotts	333	346	306	-12%
Real nappies	4	4	4	5%
Sub-total	1,708	1,773	1,820	3%
NEW Ethical jewellery	-	-	3	
NEW Co-consumption	-	8	10	20%
Total	1,708	1,782	1,834	3%

Community	2010 £m	2011 £m	2012 £m	% Growth 2011 - 2012
Local Shopping	2,330	2,368	2,583	9%
Voluntary income of top 500 charities (NEW)	3,039	4,222	5,160	22%
Total	5,369	6,590	7,743	17%

Ethical Money	2010 £m	2011 £m	2012 £m	% Growth 2011 - 2012
Total	20,995	20,912	21,171	1%

Grand Total	45,228	48,294	54,400	13%
--------------------	---------------	---------------	---------------	------------

Average ethical spend

£ per household, per year, 2000 and 2012



Adjusted for inflation?

Total ethical spend of £291 in 2000 would be worth £415 today

Boycotts

The Ethical Consumer Markets Report has, for many years, tried to measure and factor-in ethical boycott behaviour to the general picture. A YouGov poll asks people not only about whether and why they are avoiding certain products, but also asks people to assess the value of their spending which has been affected. It is worth noting that, in the period under review, tax avoidance by companies had grown to become the second most cited reasons for boycotting after human rights.

Topics of Boycotts

- Labour standards
- Tax
- Human rights
- General ethical reputation
- Animal welfare
- Ecological impact
- Other/localism



Boycotts	2010 £m	2011 £m	2012 £m	% Growth 2010 - 2012
Food and drink	1,084	1,113	2,478	123%
Travel and transport	1,068	1,198	846	-29%
Personal products	333	346	306	-12%
Total	2,485	2,657	3,630	37%

About this report

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. In this report, Ethical Consumerism is defined as personal/household spending, including consumption and investment, where choice has been affected by a particular issue – be it human rights, social justice, the environment or animal welfare.

Further information

This year's report has been researched and published by Ethical Consumer Research Association with additional boycott survey data provided by YouGov.

Previous reports are available at:

www.co-operative.coop/corporate/Investors/Publications/Ethical-Consumerism-Report

For further information contact:

enquiries@ethicalconsumer.org



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

Association of British Credit Unions Ltd (ABCUL), British Egg Information Service, CaritasData, Department for Environment, Food & Rural Affairs, EIRIS Services Ltd, SMMT, Energy Saving Trust, Ethex, Fairtrade Foundation, Freedom Foods, FSC, GfK Retail and Technology UK Ltd, Marine Stewardship Council (MSC), The Nielsen Company, Organic Monitor, Poultry World, Rainforest Alliance, Responsibletravel.com, Soil Association, Textile Exchange, UTZ Certified, Vegetarian Society, YouGov.

We also thank the many companies who have provided us with confidential sales data for this report.