



Ethical
Consumer
Markets
Report 2012

The **co-operative**

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Foreword

Ethical markets remain resilient as enlightened businesses continue to force through change

Markets for ethical goods and services have remained resilient throughout the economic downturn as a progressive core of retailers and producers continue to factor sustainability into their products and services (eg Fairtrade ingredients) and to sell sustainable produce.

That is the conclusion of this annual Ethical Consumer Markets Report 2012 which shows that since the onset of the recession five years ago the total value of ethical markets has gone from £35.5bn to £47.2bn.

Acting as a barometer of green markets since 1999 when annual ethical sales were just £13.5bn, the report analyses sales data for various sectors including food, household goods, eco-travel and ethical finance.

Amongst the biggest growing categories during the recession are sustainable fish up 323 per cent from £69m to £292m, Fairtrade which has increased 176 per cent from £458m to £1,262m and free range eggs sales up 78 per cent from £444m to £792m

However, sales of organic produce, although now stabilised at £1.5bn, have declined from a high of £1.9bn in 2008.

In 2011, ethical food and drink markets increased 7.8 per cent to reach £7.5bn. Markets for green home products were up 10.6 per cent to £8.4bn and ethical personal products were up 4.2 per cent to £1.8bn.

Barry Clavin, Head of Ethical Policies & Sustainability Reporting at The Co-operative, said: "The report shows that intervention by enlightened businesses, together with regulatory intervention, is driving ethical sales growth.

"During the downturn we've seen some of the biggest ever Fairtrade conversions, be it in chocolate or sugar, and business is beginning to respond to the challenge to provide consumers with more sustainable products and services such as fish, palm oil and soya.

"Ethical consumers are still a vitally important agent of change; however, the actions of progressive business are now a significant contributor to sales growth.

"At the same time, let's not lose sight of the fact that ethical sales remain a small proportion of total sales. Ultimately, over and above the efforts of responsible business and ethical consumers, sustainable solutions require a government committed to long term intervention."

Ethical consumerism's winners and losers through the downturn

| Winners | Losers |
|------------------|------------------|
| Fairtrade | Organic food |
| Sustainable fish | Ethical clothing |
| Green cars | Bicycles |

50% consumers surveyed avoided a product based on company's responsible reputation



Key findings

Food and Drink

Total sales of ethical food & drink increased 7.8% in 2011 to reach £7.5bn. Within this, Fairtrade, Rainforest Alliance and Organics each represent £1bn+ markets and account for over 50 per cent of total ethical food and drink sales. Sales of sustainable fish are up 31.5% to £292m. Sales of higher animal welfare products, including free range and the RSPCA Freedom Foods, are up 7.4% at £941m.

Green Home

Sales of Green Home products, including energy efficient white goods, sustainable paper and timber and microgeneration, are up 10.6% to £8.4bn. On the back of the Feed-In-Tariff scheme, sales of renewable energy products including solar panels increased to £958m. However, with the closure of the scheme this can be expected to fall back over 2012. In line with the decline in the overall electrical appliance market, sales of energy efficient white goods have levelled out at £2.0bn.

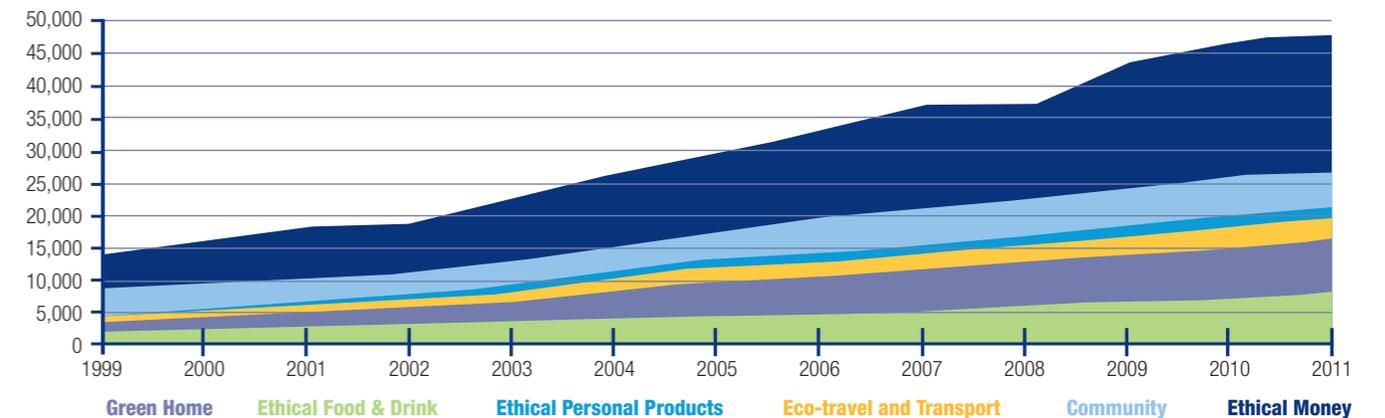
Eco-travel and Transport

Sales in eco-travel and transport increased 11.8% to £3.1bn. The market for eco-efficient vehicles continues to expand with sales of electric, hybrid and Tax Band A efficient vehicles up 29% to just over £1.0bn. Surprisingly bicycle sales declined in 2011, though the industry is expecting this to be a temporary dip.

Ethical Personal Products

Sales of ethical personal products, including cruelty-free cosmetics and ethical clothing increased to £1.8bn. In particular, spend in charity shops and second-hand outlets increased 7.2% to £719m.

Ethical spending in the UK 1999-2011, £bn



Ethical consumerism in the UK, 2000 – 2011

| | 2000 | 2010 | 2011 | % Growth |
|---------------------------------|--------------|--------------|--------------|--------------|
| Ethical Food & Drink | £m | £m | £m | 2010-2011 |
| Organic | 605 | 1,527 | 1,500 | -1.77% |
| Fairtrade | 33 | 1,017 | 1,262 | 24.09% |
| Rainforest Alliance | - | 1,198 | 1,346 | 12.35% |
| Free range eggs | 182 | 497 | 526 | 5.84% |
| Free range poultry | 44 | 252 | 266 | 5.56% |
| Farmers' markets | 142 | 220 | 220 | 0.00% |
| Vegetarian products | 479 | 787 | 800 | 1.65% |
| Freedom foods | - | 127 | 149 | 17.32% |
| Sustainable fish | - | 222 | 292 | 31.53% |
| Boycotts | 587 | 1,084 | 1,113 | 2.68% |
| Subtotal | 2,072 | 6,931 | 7,474 | 7.83% |

Green Home

| | | | | |
|--|--------------|--------------|--------------|---------------|
| Energy efficient electrical appliances | 229 | 2,069 | 2,045 | -1.16% |
| Energy efficient boilers | 214 | 2,332 | 2,375 | 1.84% |
| Micro-generation | - | 248 | 958 | 286.29% |
| Energy efficient light-bulbs | 12 | 44 | 48 | 9.09% |
| Ethical cleaning products | 3 | 42 | 42 | 0.00% |
| Sustainable timber and paper | 629 | 1,655 | 1,706 | 3.08% |
| Green energy | - | 352 | 378 | 7.39% |
| Rechargeable batteries | 5 | 34 | 33 | -2.94% |
| Buying for re-use - household products | 759 | 823 | 819 | -0.49% |
| Green funerals | - | 7 | 8 | 14.29% |
| Sub-total | 1,851 | 7,606 | 8,412 | 10.60% |

Over
50%
of eggs sold
in UK now
cage-free

| | 2000 | 2010 | 2011 | % Growth |
|-----------------------------------|------------|-------------|--------------|---------------|
| Eco-travel and Transport | £m | £m | £m | 2010-2011 |
| Responsible tour operators | 73 | 182 | 188 | 3.30% |
| Environmental tourist attractions | 2 | 19 | 20 | 5.26% |
| Green cars | 4 | 846 | 1,088 | 28.61% |
| Bicycles (New) | 348 | 698 | 650 | -6.88% |
| Boycotts | 112 | 1,068 | 1,198 | 12.17% |
| Subtotal | 539 | 2813 | 3,144 | 11.77% |

Ethical Personal Products

| | | | | |
|------------------------------|------------|--------------|--------------|--------------|
| Ethical clothing | 5 | 177 | 150 | -15.25% |
| Ethical cosmetics | 175 | 528 | 566 | 7.20% |
| Charity shops | 141 | 350 | 389 | 11.14% |
| Buying for re-use - clothing | 218 | 321 | 330 | 2.80% |
| Boycotts | 174 | 333 | 346 | 3.90% |
| Real nappies | - | 5 | 5 | 0.00% |
| Subtotal | 713 | 1,714 | 1,786 | 4.20% |

Community

| | | | | |
|----------------------|--------------|--------------|--------------|--------------|
| Local shopping | 1,620 | 2,330 | 2,368 | 1.63% |
| Charitable donations | 2,764 | 3,040 | 3,125 | 2.81% |
| Subtotal | 4,384 | 5,370 | 5,493 | 2.30% |

Ethical Money

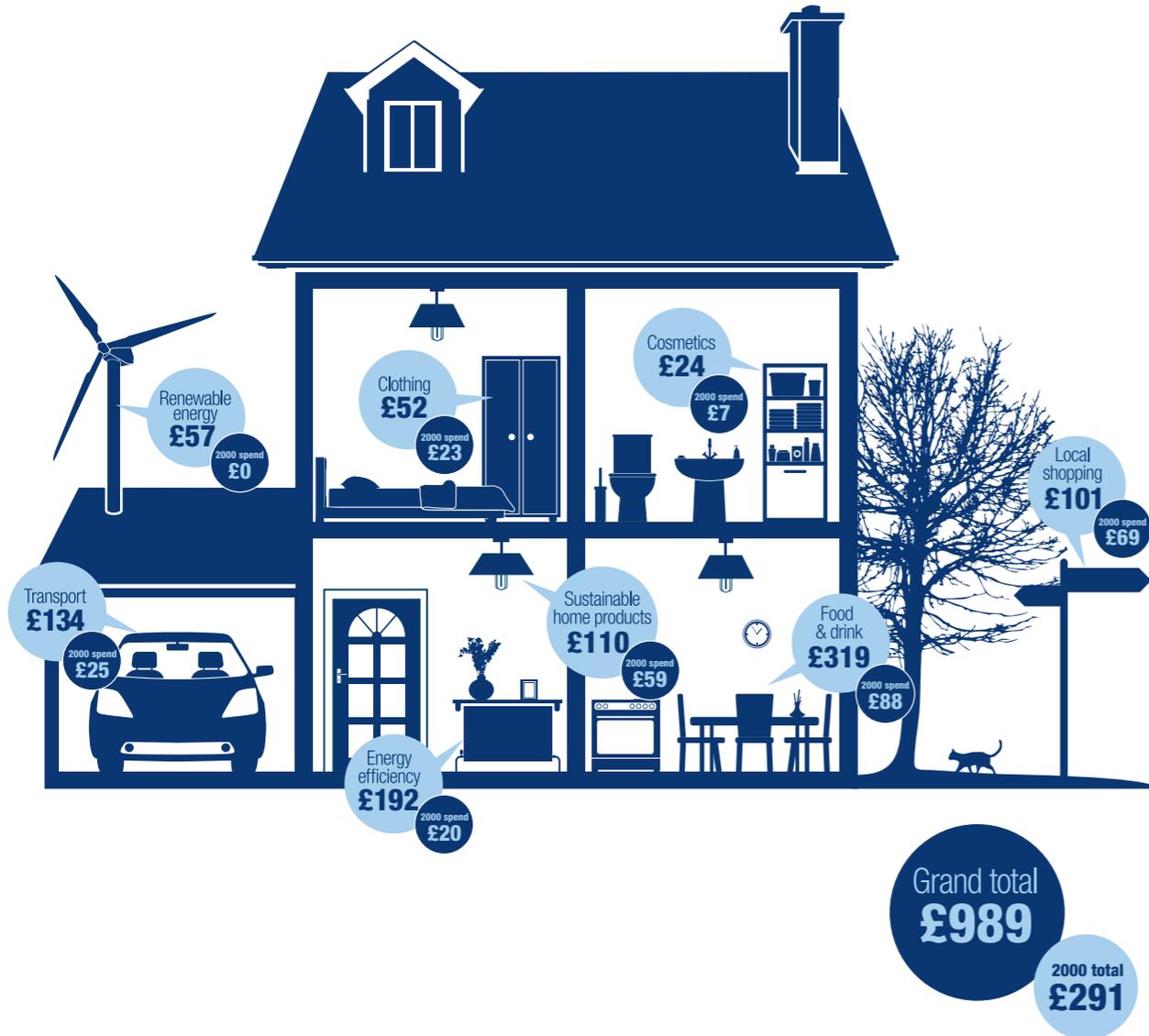
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|--------------------|---------------|---------------|---------------|--------------|
| Subtotal | 6,483 | 20,666 | 20,893 | 1.10% |
| Grand Total | 16,042 | 45,100 | 47,202 | 4.66% |

9 in 10
UK consumers
now recognise
the Fairtrade
logo



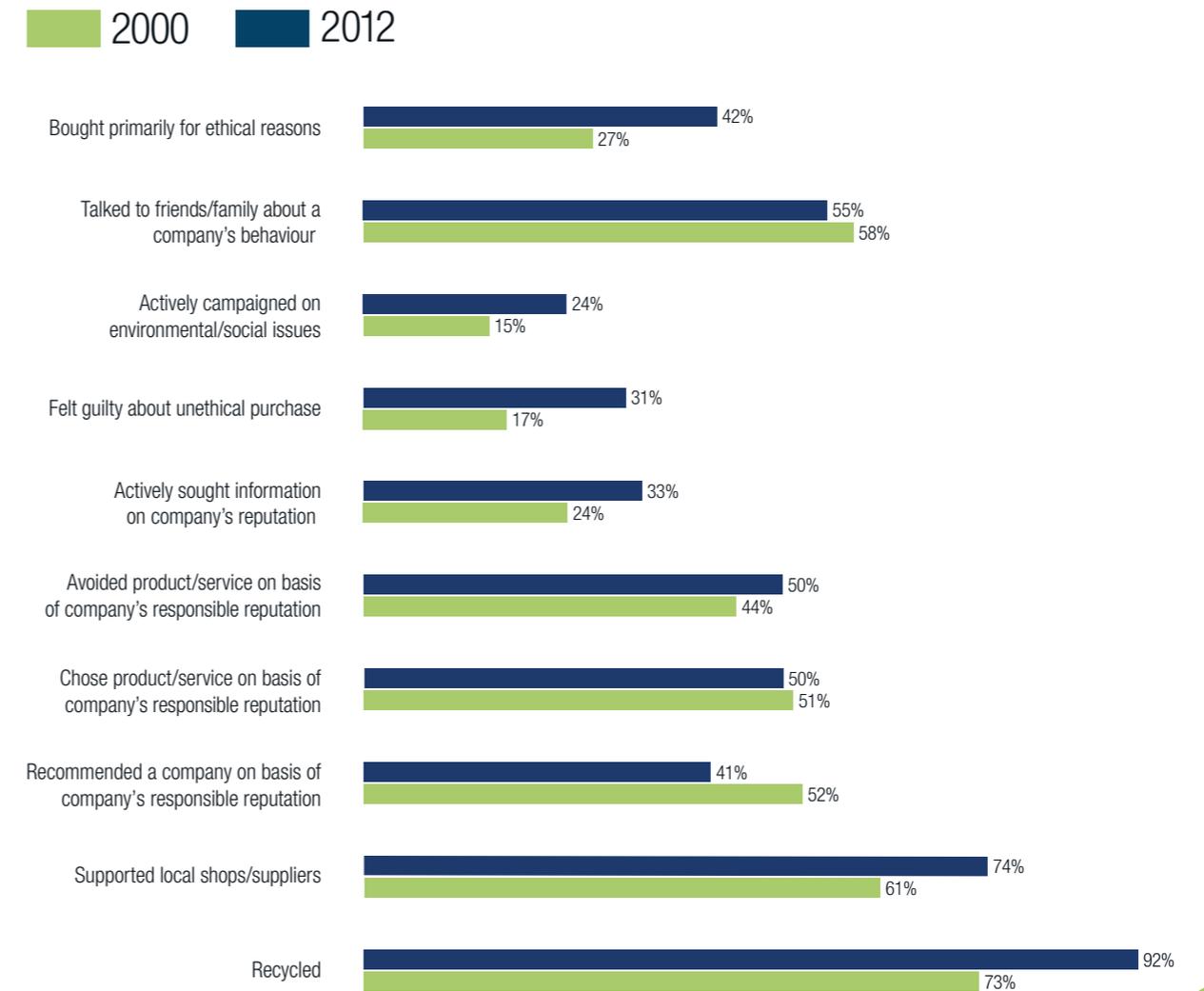
Average spend per household

Average Ethical Spend per Household, £ per year, 2000 & 2011



Ethical Behaviours

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



About this report

The Co-operative 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 2012 was produced by The Co-operative Group, with additional research by the Ethical Consumer Research Association (ECRA).

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Previous Ethical Consumerism Reports are available at:

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

For further information contact:

Rachel.Kenyon@co-operative.coop

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