

## **Ethical Consumerism Soars Towards £25 Billion**

The growth in ethical consumerism in the UK is soaring and is now worth £24.7 billion a year, according to the annual Co-operative Bank Ethical Purchasing Index (EPI) published today (29 December 2004) .

The EPI, a barometer of ethical spending in the UK, shows that in 2003 UK consumers spent an additional £3.5bn in line with their values, an increase of 16 per cent on the previous year. Over the same period, UK household expenditure increased by only 4 per cent.

The overall market share of ethical consumerism has increased by almost 40 per cent in five years. The index now stands at 139 from a base of 100 when the EPI began in 1999.

An extra £1bn was spent on ethical products and services in 2003. Most significantly, sales of Forest Stewardship timber increased by £225 million to £869 million and sales of energy efficient household appliances increased by £273 million to £1.1 billion. Sales of Fair Trade goods, such as tea, coffee and bananas, increased by £29 million to £92 million – growth of 46%.

A further £1.4bn was placed in ethical investments and deposited with ethical banks and credit unions in 2003; a rise of 18 per cent to £9 billion.

The total value of boycotts rose to £3.2bn, an increase of £600 million on the previous year. Within this, there has been a significant increase over the past 12 months in the boycotts of certain US brands, particularly those associated with poor environmental performance or unacceptable labour practices. The value to these brands, in terms of lost sales, more than doubled to £1.8bn in 2003.

The EPI shows that in some areas ethical goods are continuing to successfully compete side by side with non-ethical products in terms of market share. In particular, sales of free-range eggs command forty per cent market share, whilst sales of energy efficient household appliances now have, for the first time, topped fifty per cent market share. It is noteworthy that both these markets have benefited from supplier, retailer and/or government intervention.

In other areas, despite significant growth over the past five years, ethical products have yet to make a serious impression on total market share. Sales of Fair Trade goods have grown from £22 million to £92 million yet still account for less than four per cent market share, albeit from a base of one per cent in 1999.

Simon Williams, Director of Corporate Affairs at CFS said: “It is clear that UK consumers are increasingly willing to take action through their wallets to support business that they consider to be ethical and to avoid companies who they consider to be unethical.

“At the same time, our report suggests that we could be at a crucial point in the development of certain ethical products and services. Now may be the time for the Government to recognise their wider value to the UK economy and intervene further

to ensure their growth is continued. For example, the proportion of households using green electricity remains rooted at less than one per cent.

In general consumers must have confidence that any 'ethical' claims that a brand may make conform to certain standards which are independently accredited."

The research is conducted in partnership with [nef](#) (the new economics foundation) and [The Future Foundation](#).

John Taylor, Director of Local and Regional Economies at nef, said, "People want goods and services that are produced and delivered ethically, and are prepared to boycott those that aren't. But the ethical choice is still not always an easy choice. We need to see greater support for the ethical pioneers highlighted in the Ethical Purchasing Index to ensure that 'ethical choices' become the norm, just as they have in choosing energy efficient appliances."

Melanie Howard, Director, The Future Foundation, said, "The results of this year's research should act as a warning to business to take their environmental and social responsibilities seriously. Consumers are sending a strong signal that they are increasingly prepared to reward good corporate citizenship."

#### Ethical Consumerism in the UK 2003

<b>Description</b>	<b>Spend (2002)</b>	<b>Spend (2003)</b>	<b>% growth (2002 – 2003)</b>
Ethical Purchasing Index			
Ethical Products & Services:			
Food (including Fairtrade and organics)	£1,772m	£1,946m	9.8%
Green Household Goods	£1,481m	£1,989m	34.3%
Personal Items (including cosmetics not tested on animals)	£187m	£186m	(0.5%)
Responsible Tourism	£127m	£105m	(17.3%)
Green Housing Spend (including green mortgage repayments)	£32m	£65m	103.1%
Green Transport Spend (including grants for purchase of clean fuel vehicles)	£21m	£22m	4.8%
Charitable Spend	£4,337m	£4,662m	7.5%
Sub-total	£7,957m	£8,975m	12.8%
Ethical Finance:			
Ethical Banking	£3,886m	£4,461m	14.8%
Ethical Investment	£3,510m	£4,214m	20.1%
Credit Unions	£283m	£366m	29.3%
Sub-total	£7,679m	£9,041m	17.7%

#### Ethical Consumer Monitor

Ethical Boycotts:

Clothing and Footwear	£232m	£273m	17.7%
Grocery	£787m	£914m	16.1%
Food Outlets	£942m	£943m	0.1%
Petrol Retailers	£454m	£1,040m	129.1%
GM	£167m	-	-
Sub-total	£2,582m	£3,170m	22.8%
Buying for Re-use	£1,255m	£1,443m	15.0%
Local Shopping	£1,568m	£1,724m	9.9%
Public Transport	£162m	£309m	90.7%
Sub-total	£2,985m	£3,476m	16.4%
Grand Total	£21,203m	£24,662m	16.3%