

The **co-operative** bank
good with money

Ten Years of Ethical Consumerism: 1999-2008



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

Foreword

Expenditure on ethical goods and services has grown almost threefold in the past 10 years. Overall the ethical market in the UK was worth £36 billion in 2008 compared to £13.5 billion in 1999.

Whilst most sectors have outstripped the market, which has seen overall consumer spending increase by 58 per cent in the 10-year period, Fairtrade has enjoyed phenomenal success with sales up 30 fold.

Sales of Fairtrade goods and produce, that give a premium to growers and producers in developing countries, were just £22 million back in 1999 but last year that figure had grown to £635 million and it is expected that during 2010 Fairtrade purchases will break the £1 billion barrier for the first time.

The data also shows that sales of energy efficient electrical appliances and boilers, which have grown 12 fold and nine times respectively, have also seen exceptional growth while the mature financial services market has seen ethical banking and investments triple over the course of the decade.

The average spend per household on ethical products and services reached £735 in 2008. Of this, spending on products and services to tackle climate change reached £251 per household, a tenfold increase over 1999. Total expenditure on environmentally friendly products and services such as energy efficient appliances, green energy and carbon offsetting is £6,417 million. However this still represents less than one per cent of total household expenditure.

Although this report shows that the idea of ethical purchasing is now well established amongst many consumers, there is still a long way to go if we are all going to adopt the low carbon lifestyle needed to avoid cataclysmic climate change. The growth in energy efficient products such as boilers, white goods and more recently light bulbs, has been underpinned by Government intervention.

In order for the UK to reduce its carbon emissions by 30 per cent by 2020 there will need to be a step-change in take-up of low carbon technologies, and this will need a new contract between business, government and the consumer.

Barry Clavin

The Co-operative Bank

Key findings

Spending on ethical food and drink has increased more than threefold in the last decade, from £1.9 billion in 1999 to over £6 billion in 2008. Fairtrade, organic, free range and dolphin-friendly products had already been established by 1999, but with limited availability. During the past decade new certification schemes have emerged including the Marine Stewardship Council's ecolabel for fish and the RSPCA's Freedom Food standard for animal welfare, and commitments from major retailers and more recently major brands have greatly expanded the availability of ethical food and drink.

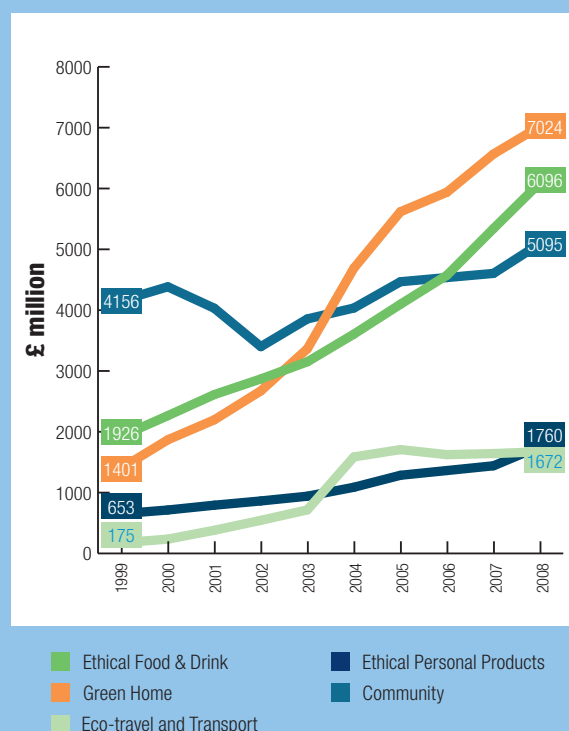
Green home expenditure has increased fivefold in the 1999-2008 decade, from £1.4 billion in 1999 to over £7 billion in 2008. By 2008 energy efficient appliances and boilers had become the most significant categories, driven in part by the development of energy efficiency labelling. Spend on solar and renewable energy installations by individuals has remained low, reaching only £36 million by 2008.

Spending on eco-travel and transport has increased ninefold but it remains a small component of ethical expenditure, growing from £175 million in 1999 to £1.7 billion in 2008. In recent years green cars, including hybrids and electric cars, have become the fastest growing component of spend in this area.

Expenditure on ethical personal products has increased from £653 million in 1999 to £1.8 billion in 2008. Spending on organic, Fairtrade and recycled clothes has increased rapidly, but remain less than half the sum spent on second hand clothes for ethical reasons.

Monies in ethical finance have increased almost threefold, from £5.2 billion in 1999 to £14.4 billion in 2008, with ethical banking leading the way.

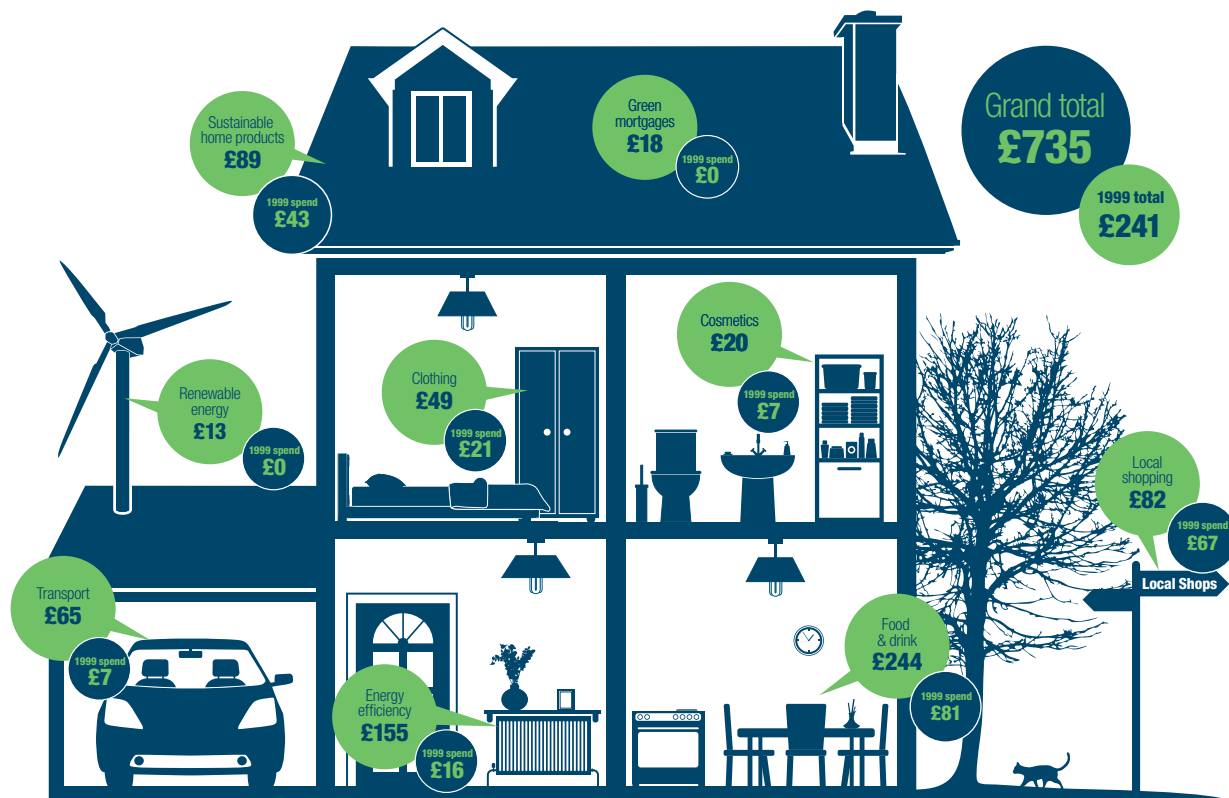
Ethical consumerism in the UK, 1999-2008



Average spend per household

In 2008, the average spend per household on ethical products and services, excluding charitable donations and ethical finance, reached £735, a threefold increase from 1999. Of this total, spend to address climate change, for example on green transport, energy efficiency and renewable energy, has grown from just £23 in 1999 to £251 by 2008.

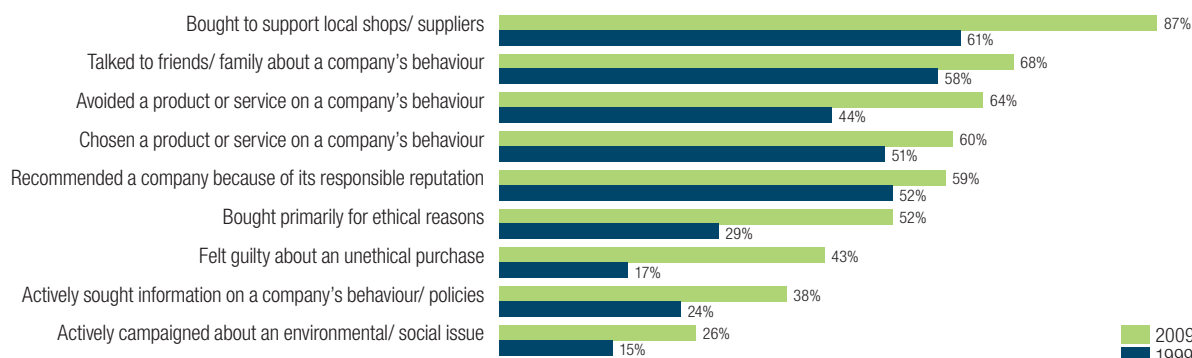
Ethical spending by the average household, £ per year¹



Ethical Behaviours

Today one in every two UK adults claim to have purchased a product primarily for ethical reasons in the last year, compared to one in every four in 1999.

% of people undertaking the following at least once during the year²



¹'Energy efficiency' includes energy efficient electrical appliances, energy efficient boilers & rechargeable batteries; 'transport' includes all eco-travel & transport; 'renewable energy' includes micro generation & green energy tariffs; 'food & drink' includes all ethical food and drink; 'Sustainable home products' includes sustainable timber, buying for re-use (household products) & energy efficient light bulbs; 'clothing' includes ethical clothing, charity shops, buying for re-use (clothing), clothing boycotts and real nappies.

²Figures have been determined by the annual Co-operative Bank Ethical Shopping Survey. For the 2009 survey, the total sample size was 1,058 adults. Fieldwork was undertaken between 16th and 17th December 2009. The survey has been carried out online. The figures have been weighted and are representative of all GB adults (18+).

Ethical consumerism in the UK, 1999-2008

	1999 £m	2008 £m
Ethical Food & Drink		
Organic	390	1,986
Fairtrade	22	635
Rainforest Alliance	-	369
Farmers' markets	131	220
Vegetarian products	452	768
Free range eggs	173	415
Free range poultry	37	174
Freedom foods	-	51
Sustainable fish	-	128
Dolphin friendly tuna	189	281
Food and drink boycotts	532	1,069
Sub-total	1,926	6,096
Green Home		
Energy efficient electrical appliances	136	1,893
Energy efficient boilers	212	1,942
Energy efficient light bulbs	10	43
Rechargeable batteries	14	79
Green energy	-	297
Micro-generation	-	36
Green mortgage repayments	4	455
Ethical cleaning products	2	41
Sustainable timber and paper	351	1,325
Buying for re-use - household products	672	913
Sub-total	1,401	7,024
Eco-travel and Transport		
Green cars	3	282
Public transport	28	459
Responsible tour operators	74	112
Environmental tourist attractions	-	19
Travel boycotts	70	800
Sub-total	175	1,672
Ethical Personal Products		
Ethical cosmetics	163	513
Ethical clothing	4	172
Buying for re-use - clothing	195	402
Real nappies	-	3
Charity shops	133	286
Clothing boycotts	159	384
Sub-total	653	1,760
Community		
Local shopping	1,586	2,108
Charitable donations	2,570	2,987
Sub-total	4,156	5,095
Ethical Finance		
Ethical banking	2,149	6,976
Ethical investment	2,872	6,825
Credit unions	149	478
Ethical share holdings	1	74
Sub-total	5,171	14,354
Grand Total	13,482	36,002

About this report

The Co-operative Bank's Ethical Consumerism Report has been produced for ten 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.

Further information

Ten Years of Ethical Consumerism: 1999-2008 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.

This booklet may not be reproduced without the express permission of The Co-operative Bank or the authors.

Previous Ethical Consumerism Reports are available at:

www.goodwithmoney.co.uk/ethicalconsumerismreport

For further information contact:

Ryan.Brightwell@co-operative.coop

With thanks to: YouGov, GfK Marketing Services, DEFRA, BUAV, FSC, The Fairtrade Foundation, www.responsibletravel.com, EIRIS Services Ltd, Energy Saving Trust, ETA, ClearSkies, IFAT, the Vegetarian Society, BEIS, Pesticides Action Network (PAN), the Housing Association, The Soil Association, Organic Monitor, RSPCA, MSC, Earth Island Institute, ABCUL.

GfK