

Press release

Consumers part with cash despite disliking companies unethical behaviour

The recent *make poverty history concert* (July 6th) has not only highlighted world debt, but has also raised the profile of buying ethically produced goods.

However, new research shows that nearly half of today's consumers still admit to buying from companies they consider to be unethical – they'd rather not, but believe they have few alternatives. Comments such as “all companies are the same” were commonplace.

The survey revealed that ‘functional’ factors such as quality, price and convenience still dominate purchasing decisions. Karen Fraser, of the Fraser Consultancy who commissioned the research, explains it proves there is a real gap in the market and that those companies demonstrating ethical behaviour stand to benefit:

“There is a conflict in consumers’ minds between ethical issues and purchasing practicalities. Easing the conflict is the key to winning ethical business and regaining the trust of existing customers,” says Fraser.

Although 30% of consumers express concerns over corporate ethics, ethical products currently account for just 3% of the consumer market (£1.3bn), although this figure is growing at 4 times the rate of total UK expenditure¹. In theory, bridging this ‘ethical gap’ between beliefs and actions, would boost the ethical product market share substantially² as, all other things being equal, most consumers will opt for goods that are ethically produced.

Three out of five concerned consumers say they do not have enough information to make an informed ethical decision¹. Whilst most people would not hesitate to condemn the use of exploitative labour, this sentiment is not

¹ Co-operative Bank EPI 2003

² Who are the ethical consumers? MORI and partners for Co-operative

always top of mind when shopping. But with the right information, the survey indicates that consumers would favour ethically produced products.

The survey also reveals the pivotal role of media in the formation of opinions about company ethics. Out of the top four influences quoted, none were traditional paid-for advertising (1. News articles – 33%, 2. TV news item – 23%, 4. TV documentary – 19%).

The third largest influence opinion was “word of mouth” via friends and acquaintances. 28% had discussed the ethics of their worst offending company recently with an acquaintance. As a result a majority of these had been left with a worse opinion, and only 14% with a better one.

Fraser believes that public opinion may take time to develop and may not be fairly distributed, but once established it can take a company a long time to recover:

“Strong branding will take you only so far and relying on it to combat negative ethical reporting (if true) doesn’t help to alleviate consumers concerns. Preferable, and less cynical, is competition between companies on the basis of their brands, product, communications and justifiable good ethical behaviour.”

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For further information, case studies or to arrange an interview please contact Alexandra Tilley Loughrey on 07775 620112, alexandra.tl@btopenworld.com

Notes to editors

1) This online survey was conducted by the ID factor polling a representative sample of 369 UK adults and commissioned by Fraser Consultancy in May 2005.

2) Fraser Consultancy advises advertisers, media owners and communications agencies on consumer research and communications strategy.

Karen Fraser is a leading figure in international consumer research and strategy. She has published numerous articles, addressed conferences worldwide and judged industry awards for Mediaweek and M&M Europe. She founded Fraser Consultancy in 2003 and prior to that held a number of senior roles in the advertising research industry.

For more information visit www.fraserconsultancy.com

3) Overall the main reasons for respondents judging companies to be unethical are:

- They exploit the workforce: 60%
- A negative effect on the environment: 60%