

# ethical reputation index

Summary report and tables

April 2006

## Table of contents

	Page
1 Introduction .....	2
2 Executive summary.....	2
3 Survey details .....	2
4 Example findings .....	3
4.1 What does 'unethical' mean to consumers .....	3
4.2 How opinions are influenced by communication channel .....	3
4.3 How opinions are influenced by word of mouth .....	3
5 Figures .....	4
Fig 1 What does unethical mean to consumers.....	4
Fig 2 How opinions are influenced by communication channel .....	5
Fig 3 How opinions are influenced by word of mouth .....	6

## 1 Introduction

Ethical consumption in the UK is increasing rapidly. It is growing four times faster than household expenditure<sup>1</sup>, so companies need to understand the key issues for consumers in order to respond appropriately.

This report and accompanying tables have been prepared to help companies identify the issues of most concern to consumers and to highlight the greatest opportunities for business to meet consumer needs.

## 2 Executive summary

1. Consumers are primarily concerned over treatment of workers, especially where companies are perceived to be exploitative, offering low pay for long hours. Of secondary importance is companies' perceived impact on the environment. However, consumers concerns varied by company, so if a company was rated poorly, this may be due to some other perceived problem.

2. The research shows that consumers are most influenced by editorial coverage on television, newspapers and on the radio. Dealing with the company on the telephone plays an important role in shaping consumers' perceptions of corporate ethics.

3. Word of mouth is fuelled by editorial coverage but is a powerful influence in itself. There is also a high degree of trust in information relayed via word of mouth from family, friends and colleagues. In store advisors also have a significant role in forming opinion, and, to a lesser extent information on web logs and discussion boards.

## 3 Survey details

The Ethical Index ranks UK and overseas-based brands according to their 'ethical profile', based on the views of a nationally representative sample of 1,363 UK consumers. The research ranks 42 brands from a number of sectors, all selected because of their high public profile.

The Ethical Reputation Index was conducted online between 6<sup>th</sup> and 17<sup>th</sup> March 2006 and the results were published on 18<sup>th</sup> April 2006.

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<sup>1</sup> Co-operative Ethical Purchasing Index Report 2005

## 4 Key findings

### *4.1 Ethical issues of most concern*

The hierarchy of the single most important concerns is topped by 'exploitation of the workforce e.g. long hours, low pay', at 36%. This is followed by 'the lack of care for the environment' at 19% and 'the production of harmful products' at 13%. In terms of feedback about specific companies, results vary markedly.

### *4.2 How opinions are influenced by channel*

When respondents were asked what had a negative influence on their opinions of a company's ethics in the last year, editorial in the form of television news or documentary was deemed the most influential channel with 60% of people saying that had influenced their views. In second place was a published article (53%) followed by a radio item e.g. an interview at 42%.

Other communications channels had a significant effect on people's opinions, notably 'dealing with the company on the telephone' cited by 28% of people surveyed. It is thought that outsourcing telephone services may have impacted on consumer perceptions.

Information given by a customer services assistant in store can also be highly influential (for some companies more than others), as can word of mouth from a friend or colleague.

### *4.3 How opinions are influenced by word of mouth*

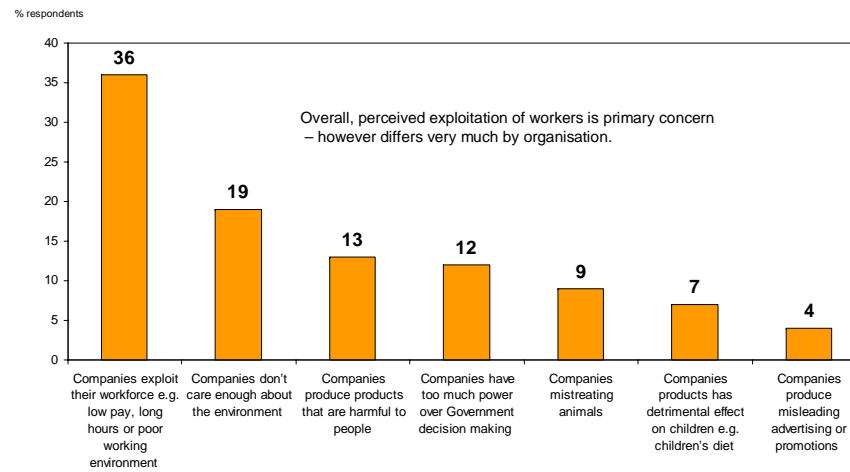
Word of mouth is surprisingly important and indicates that more attention should be paid to this channel by businesses, especially as it is a trusted source of information. Some 23% said they trusted word of mouth more than any other source of information. Something a friend or colleague had told them about the company was cited by 29% of respondents as having changed their opinion of a company.

The interest in corporate ethics is high with 49% people saying they were very or quite likely to discuss companies' ethical behaviour and 44% saying that they have discussed a company's ethics in the last month. Of those who had discussed companies' ethics, 33% said they had a worse opinion of the company as a result.

These figures indicate that corporate reputation is an issue of some concern. Companies should aim to communicate their corporate values to those people who are most engaged with the issues and most like to talk to others.

Fig 1

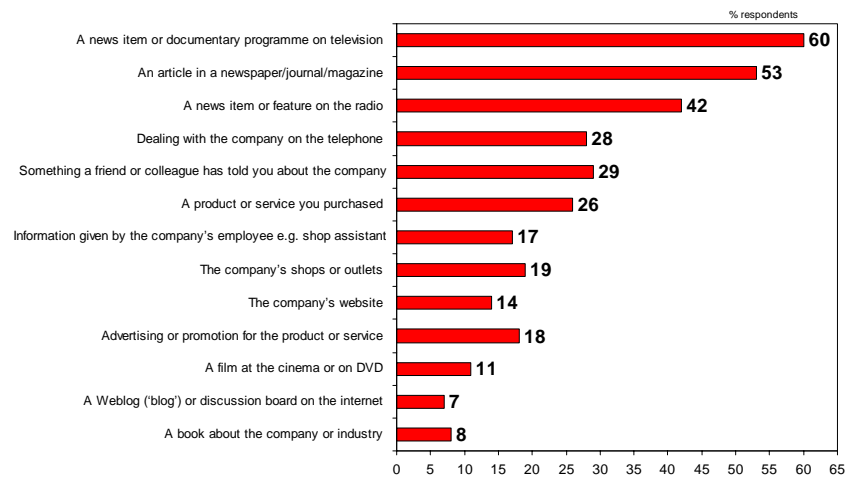
Which of the following issues concern you the most?



Sample: 1363 adults aged 16+ nationally representative UK population  
Source: Fraser Ethical Index conducted March, 2006

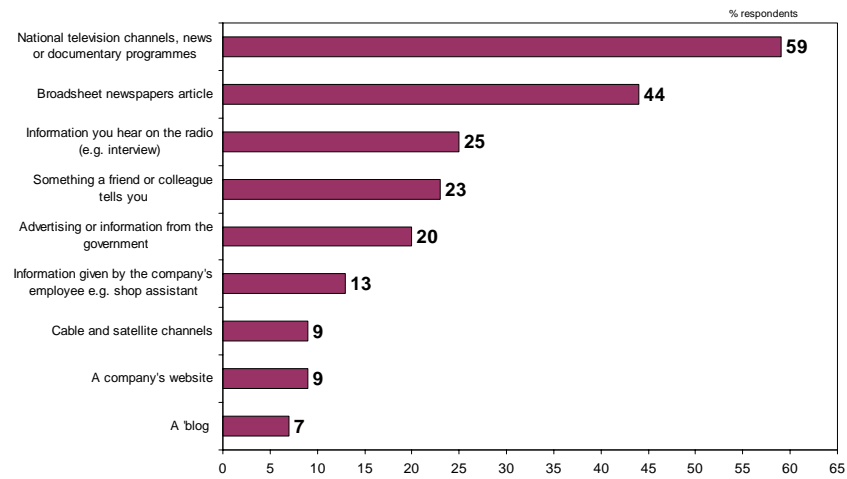
Fig 2

What has influenced your opinion of an organisation  
in the last year?



Sample: 1363 adults aged 16+ nationally representative UK population  
Source: Fraser Ethical Index conducted March, 2006

Fig 3

Which channels are you most likely to trust?

Sample: 1363 adults aged 16+ nationally representative UK population  
Source: Fraser Ethical Index conducted March, 2006

## For further information

If you would like more information on how to subscribe to the Ethical Reputation Index, please contact the Fraser Consultancy:

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