



**ASIA
FAIR
TRADE
2016**

**Ethical
Consumerism**

Wander Meijer

TRENDS IN ETHICAL CONSUMERISM

A Briefing to the Asia Fair Trade Summit

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Director Asia Pacific

October 2016

2016 Greater Equity & Living Wage for
Sustainable Business Growth
**ASIA FAIR TRADE
SUMMIT** ประเทศไทย





evidence and ideas. **applied**

Our Purpose: Helping to redefine what it means to be in business today.



Our Clients



Agenda

- Trust & Expectations
- Ethical Consumerism
- Purpose
- Aspirational
- Consumer Engagement and Ethical Marketing
- Implications: Collaboration



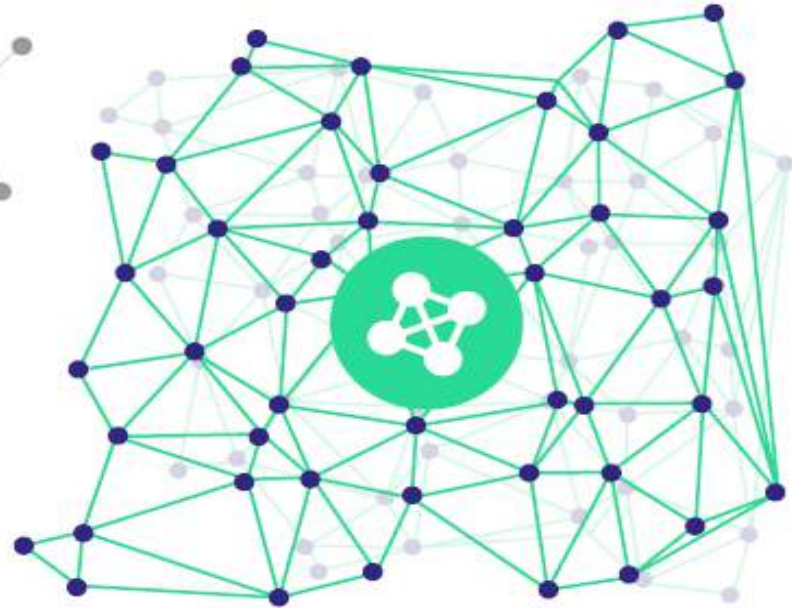
Trust



Trust is a complex concept:
from compliance-supporting thin trust,
to opportunity-creating thick trust.



Thin trust

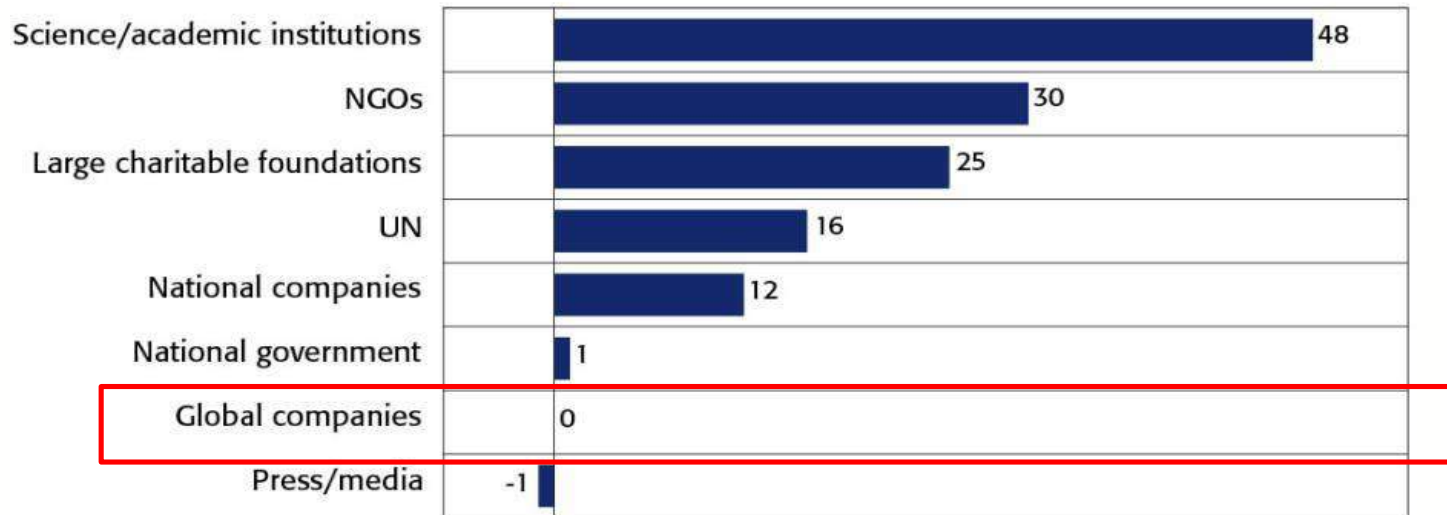


Thick trust - dynamic,
supportive stakeholder networks

National governments, global companies, press / media are the least trusted institutions globally

Trust in Institutions

Net Trust,* Average of 25 Countries,** 2016



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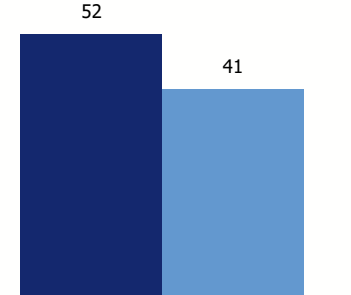
*"A lot of trust" and "Some trust" minus "Not much trust" and "No trust at all"

**Includes Argentina, Australia, Brazil, Canada, Chile, China, France, Germany, Ghana, Greece, India, Indonesia, Israel, Kenya, Mexico, Nigeria, Pakistan, Peru, Russia, South Africa, South Korea, Spain, Turkey, UK, and USA

Implications of low trust

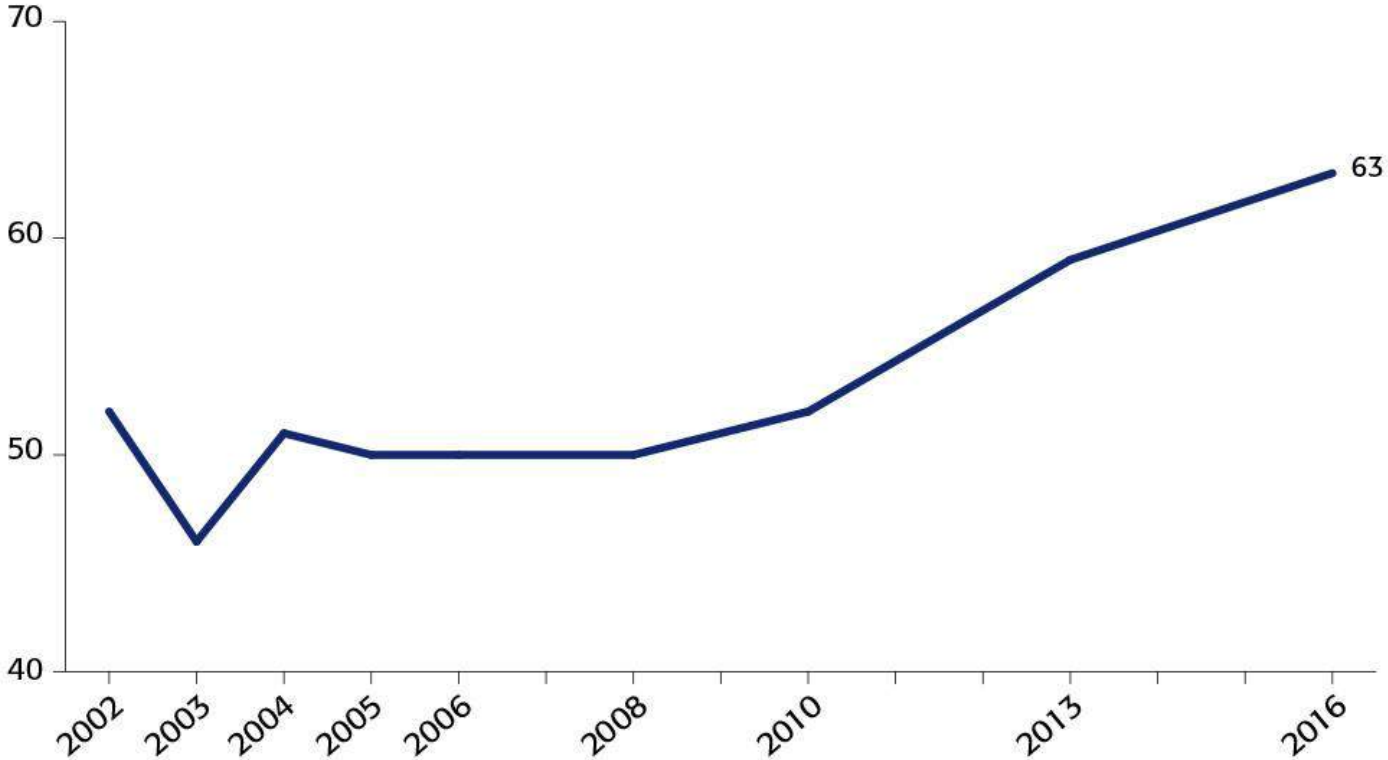


“Large Companies Pay Their Fair Share of Taxes in Our Country” Agree (1+2), Average of 16 Countries, * 2009–2015



Growing support for regulations on business

Governments Should Require Large Companies to Work toward a Better Society
"Agree,"* Average of 21 Countries,* 2016



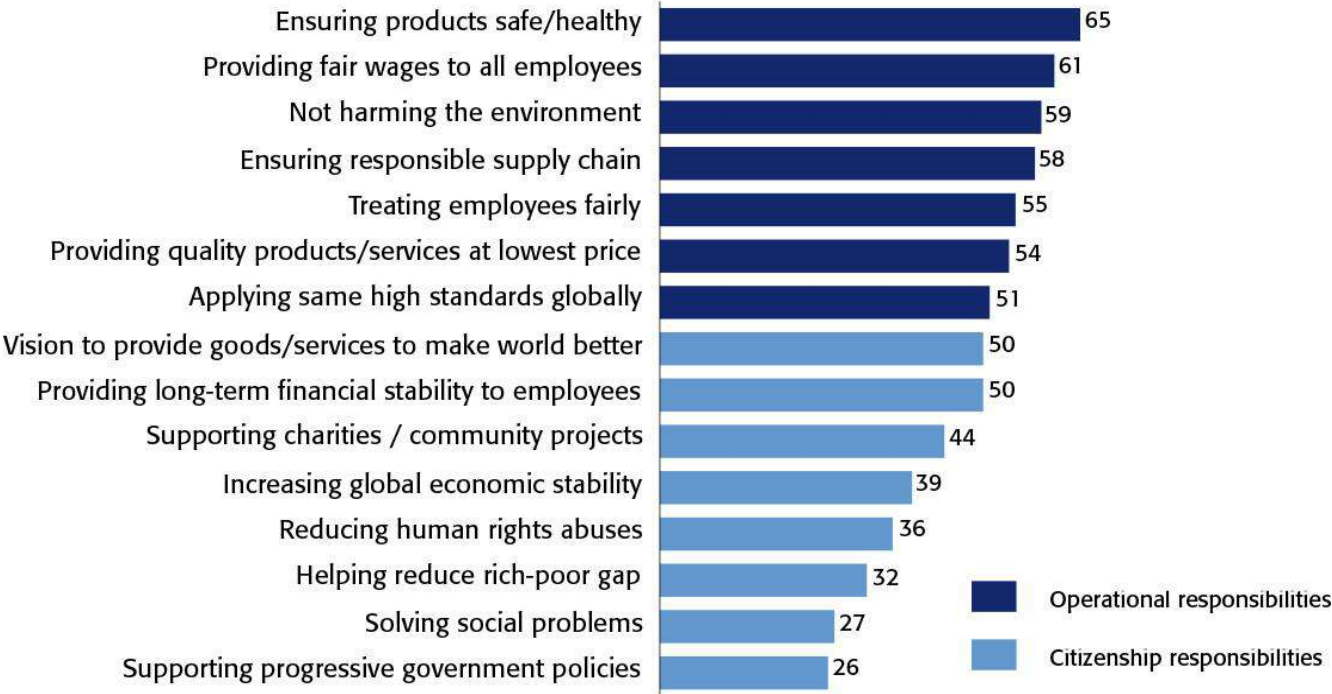


Mind the Gap: Expectations vs Performance

The global public holds companies responsible for fulfilling operational and societal responsibilities

Expectations of Companies

Companies "Held Responsible for," Net Expectations,* Average of 22 Countries, 2015



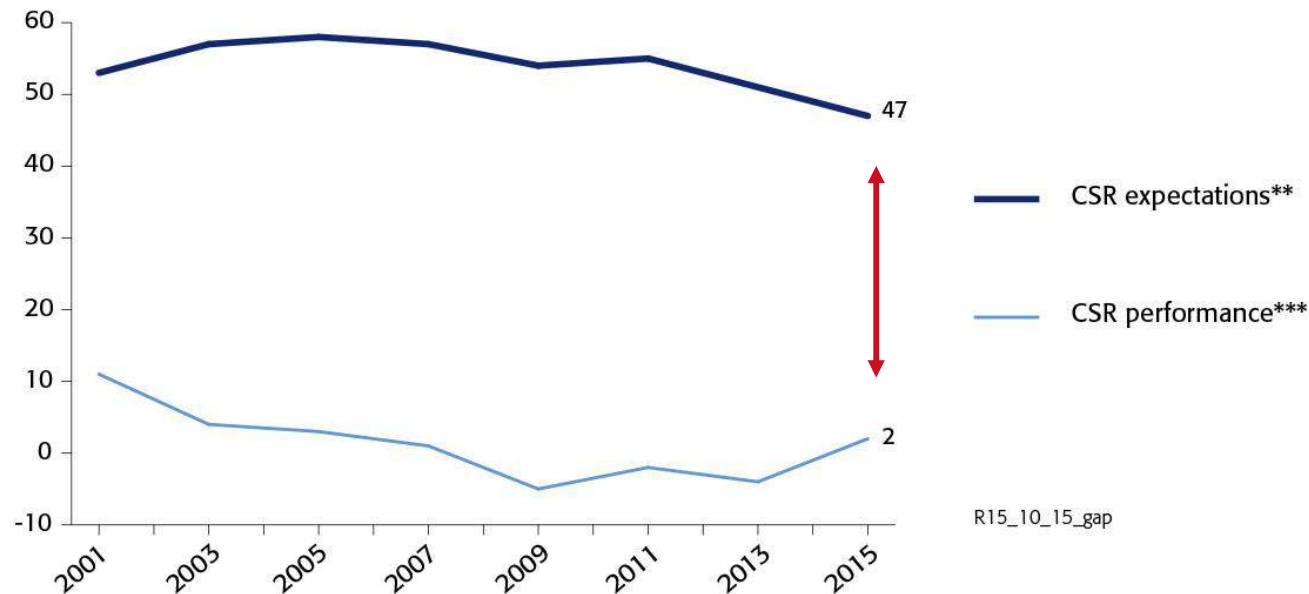
*(5+4) minus (1+2) where 5 means "Held completely responsible" and 1 means "Not held responsible"

Not asked in Russia and South Africa

Large but shrinking gap between public expectations for CSR and perceived CSR performance

Expectations vs Performance

Average of 20 Countries,* 2001–2015



*Includes Argentina, Australia, Brazil, Canada, Chile, China, France, Germany, Greece, India, Indonesia, Italy, Mexico, Nigeria, Russia, South Korea, Spain, Turkey, UK, and USA. Not all countries were asked in all years.

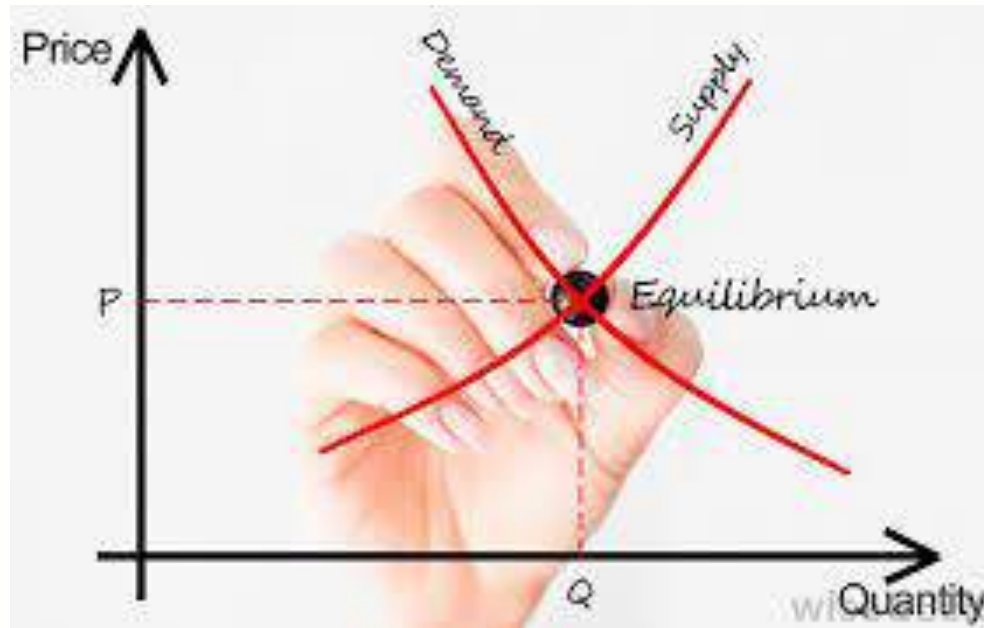
**Aggregate net expectations of up to ten responsibilities (not all responsibilities were asked in each country each year)

***Aggregate net CSR performance ratings of ten industries (not all industries were asked in each country each year)



Ethical Consumerism

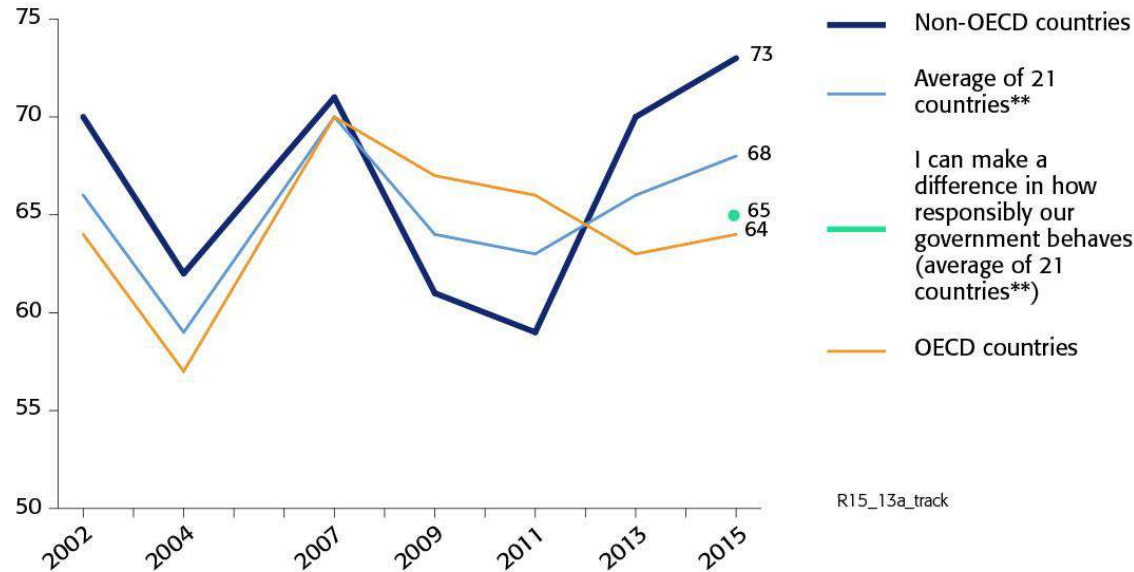
Not enough attention paid to demand-side



Consumers – especially those in emerging markets – feel increasingly empowered to make a difference in how responsibly companies behave

I Can Make a Difference as a Consumer in Corporate Behavior

"Agree," OECD vs Non-OECD Countries,* 2002–2015



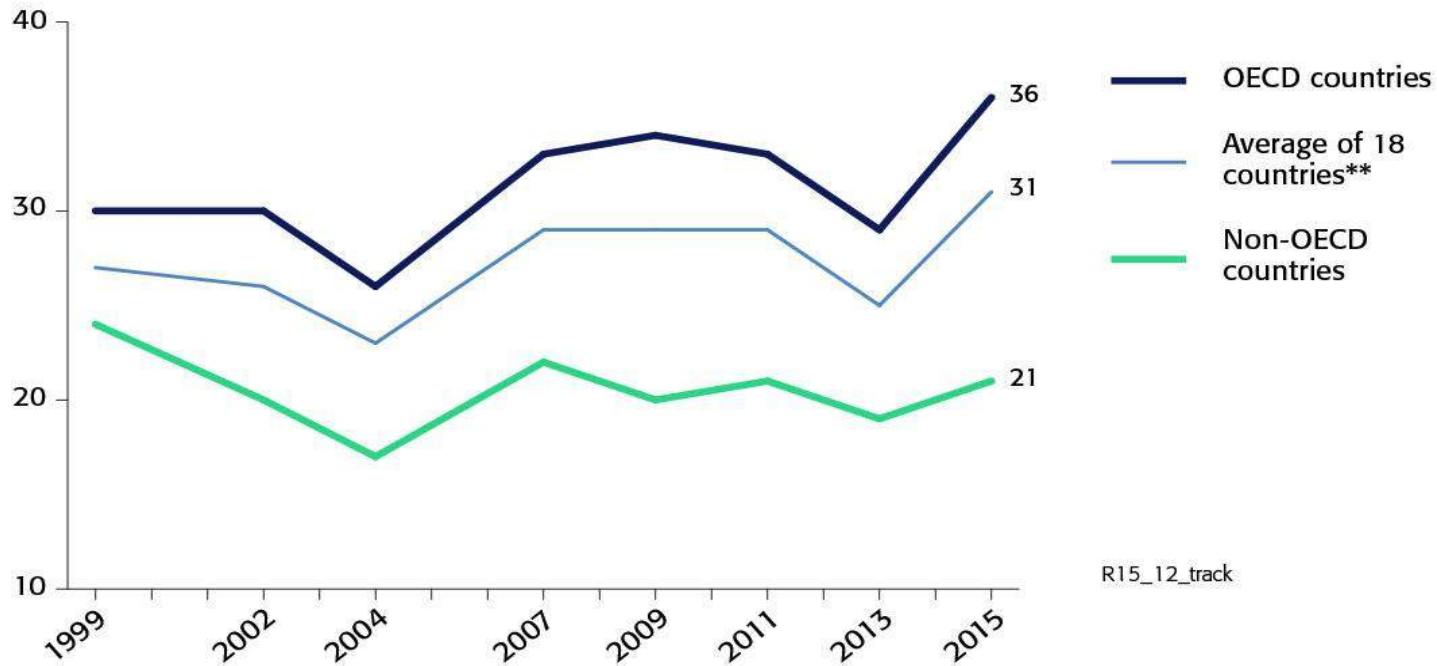
*OECD countries include Australia, Canada, Chile, France, Germany, Greece, Italy, Mexico, South Korea, Turkey, UK, and USA; non-OECD countries include Argentina, Brazil, China, India, Indonesia, Kenya, Nigeria, Peru, and Russia.

**Includes Argentina, Australia, Brazil, Canada, Chile, China, France, Germany, Greece, India, Indonesia, Italy, Kenya, Mexico, Nigeria, Peru, South Korea, Turkey, UK, and USA. Not all countries were asked in all years.

Globally, 'ethical consumerism' is now at its highest level since tracking began in 1999

Have Rewarded Companies Seen as Socially Responsible

OECD vs Non-OECD Countries,* 1999–2015

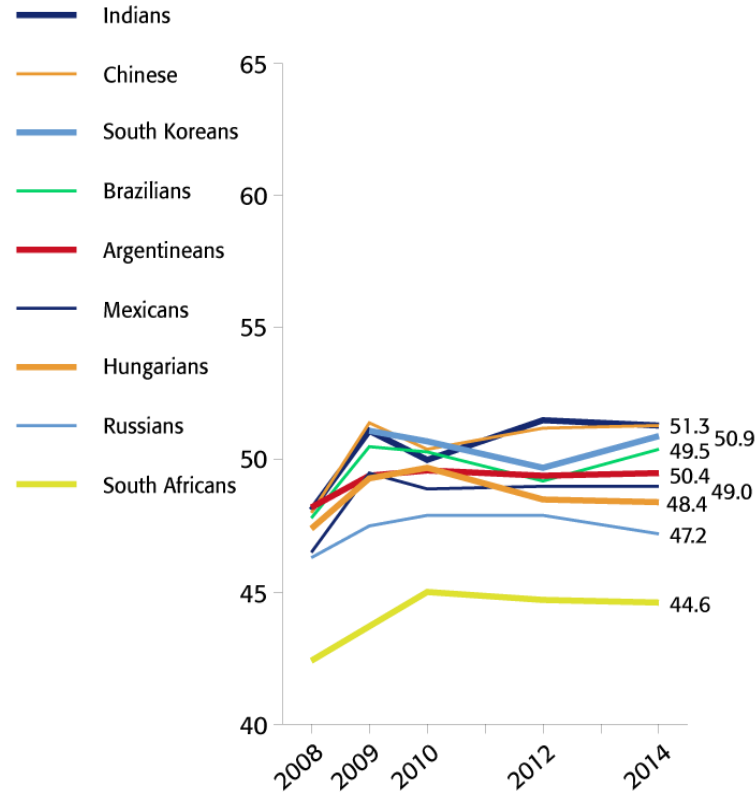
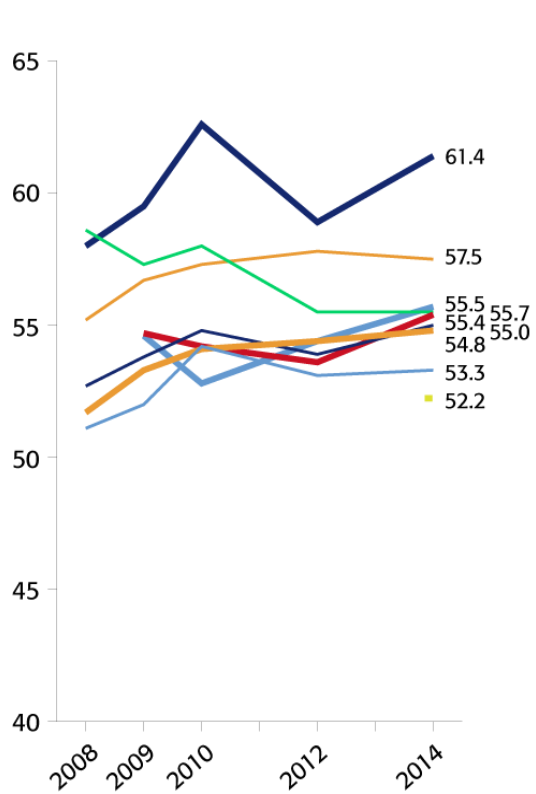


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But Consumers are stuck



Consumer Behavior is Stuck: Greendex: Overall Scores, Trends 2008-2014



NGS14_Grdx_line



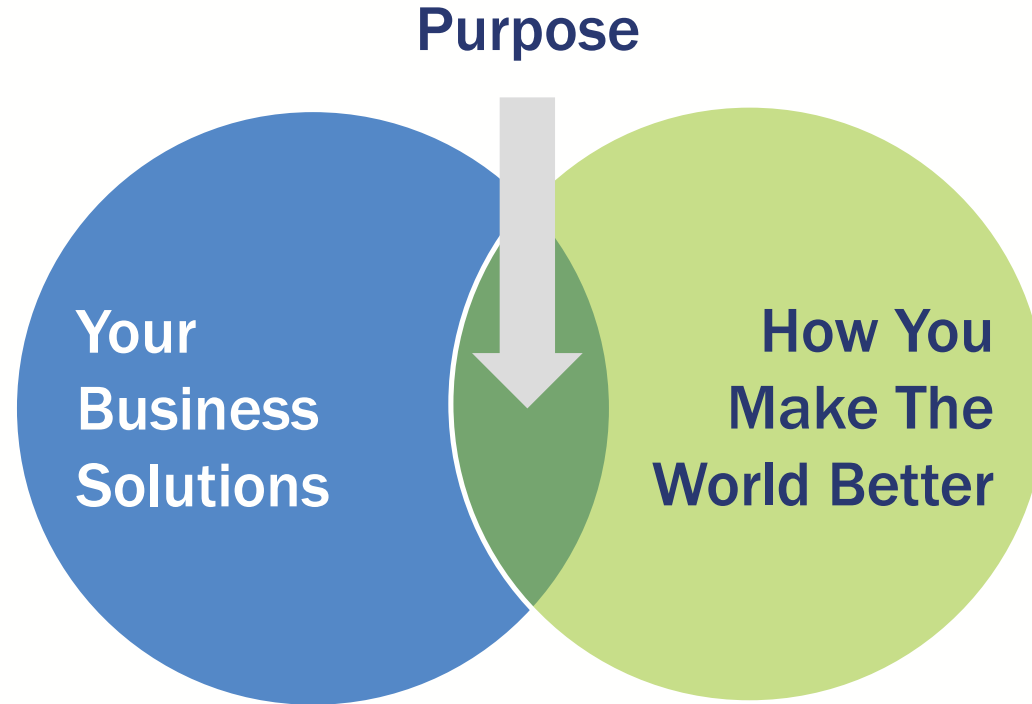


Purpose

The thick trust equation

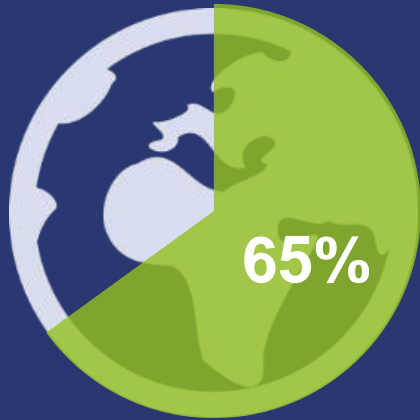
COMPETENCY + **HUMAN** + **PURPOSE** = **TRUST**
(what you do) (how you do it) (why you do it)

In its simplest form, purpose is about marrying business value with societal value

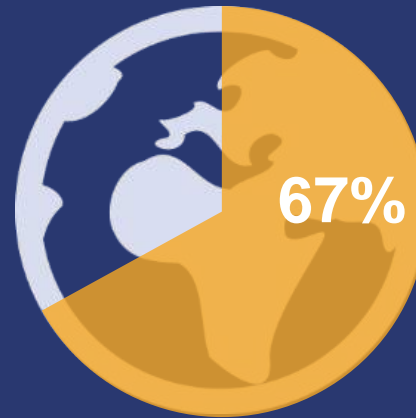




Two thirds of consumers value purpose



of CONSUMERS
globally try to
support brands
that are
purposeful

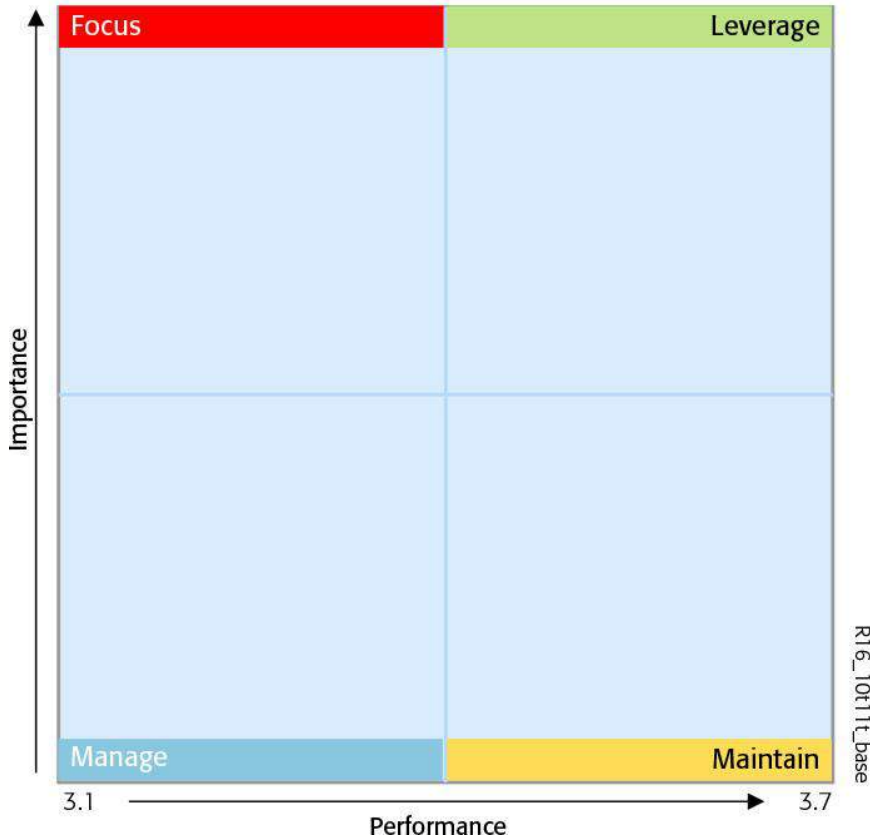


of CONSUMERS
in **Asia** try to
support brands
that are
purposeful

What drives trust?

Drivers of Trust

Performance vs Importance, All Companies, 2016

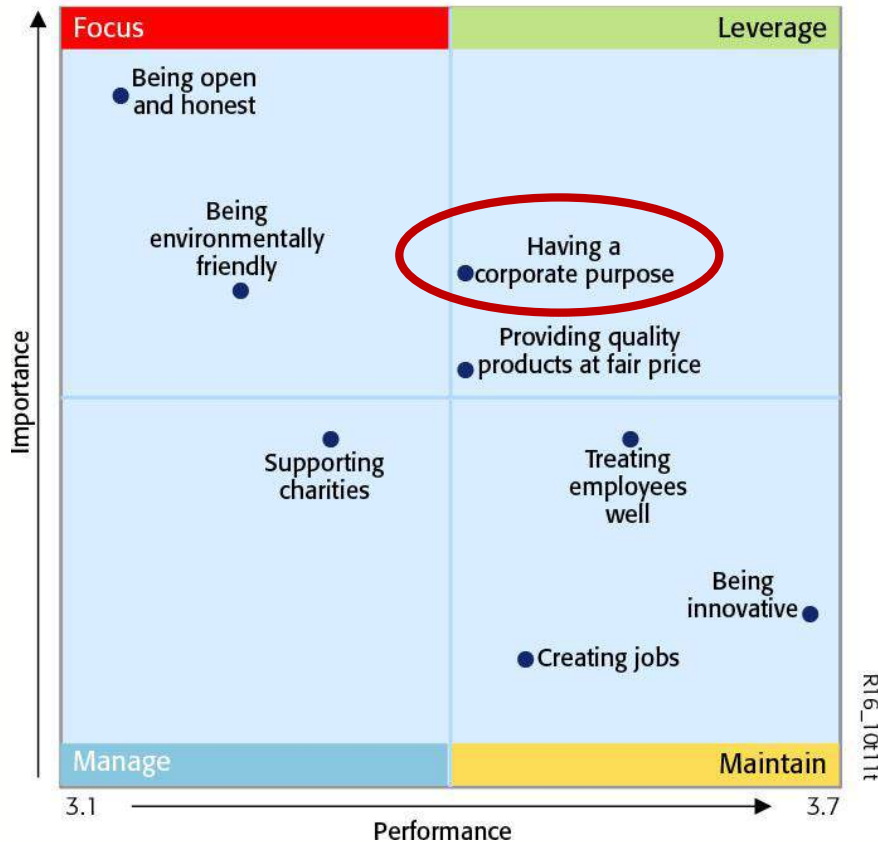


- Creating jobs
- Providing high quality products at a fair price
- Being environmentally friendly
- Treating employees well
- Supporting charities and good causes
- Being open and honest
- Being innovative
- **Having a corporate purpose**

Purpose drives trust

Drivers of Trust

Performance vs Importance, All Companies, 2016



R16_10E11E

Top 5 purposeful brands

*No company receives more than 6% mentions in any region



A majority of people globally are unable to name a company that has strong purpose



of people **globally** are
UNABLE to name a
company with a strong
purpose



of people in **Asia** are
UNABLE to name a
company with a strong
purpose



Meet the Aspirationals

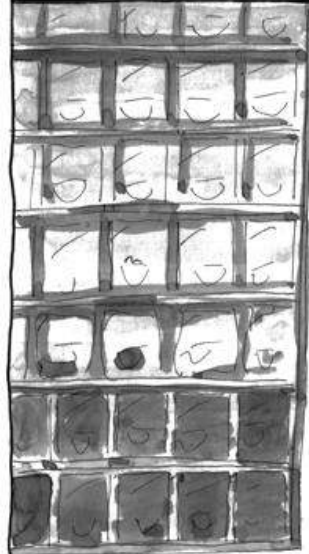
A BRIEF HISTORY OF SUSTAINABILITY MARKET RESEARCH

The Tyranny of 'OR'

BRAND CAMP

by Tom Fishburne

THE CONSUMER'S DILEMMA



SHOP ETHICALLY.
THINK THROUGH THE
ENVIRONMENTAL IMPACT
OF EVERYTHING YOU BUY

SCREW THE ENVIRONMENT.
IT'S A RECESSION NOW.
BUY THE CHEAPEST CRAP
YOU CAN FIND



© 2008

TOMFISHBURNE.COM

CHANGING EXPECTATIONS

Consumer perceptions are changing

FROM **OR** TO **AND**

Performance

Accessibility

Style

Price

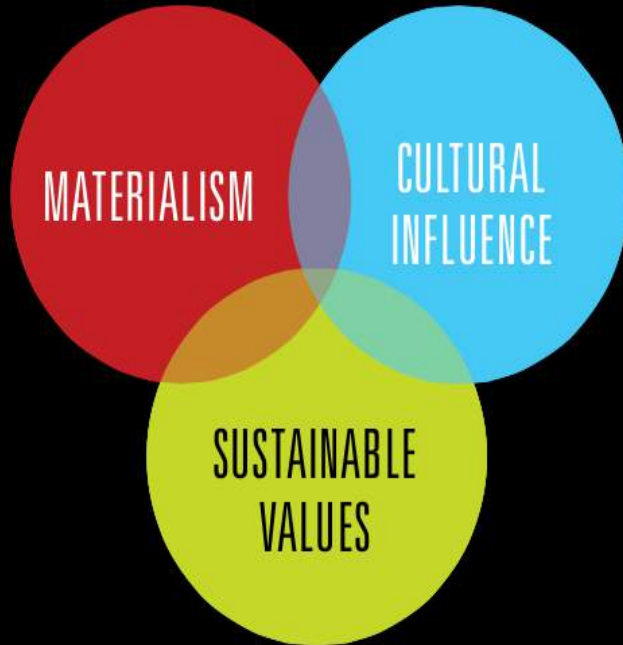


& SUSTAINABILITY



The Opportunity: the Aspirational Consumer

WHY ASPIRATIONALS?



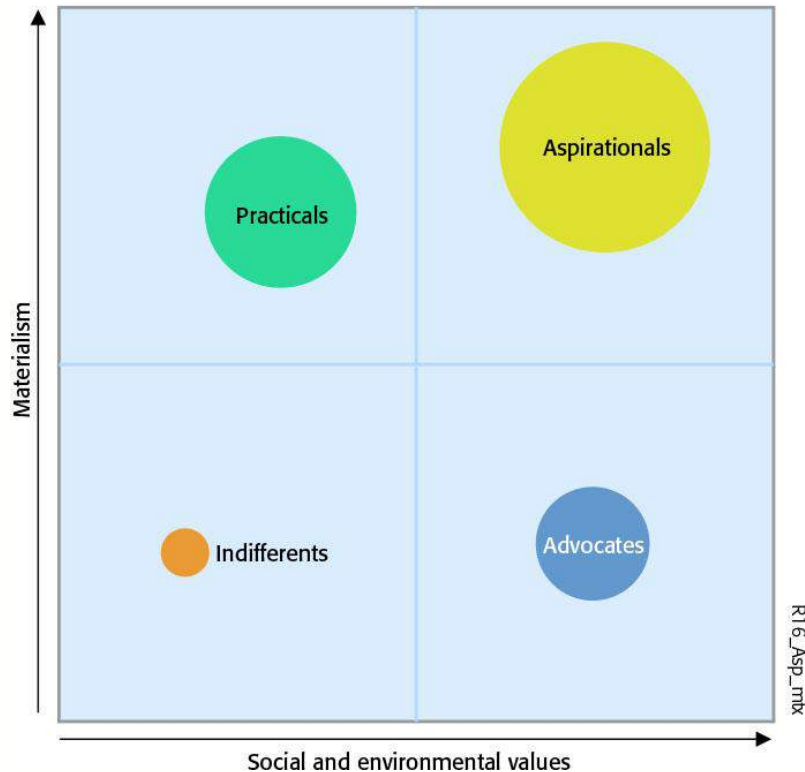
A FORCE FOR CHANGE

- + Culture Happiness beyond stuff
- + Materialism Love to shop
- + Sustainability Consume less

A Purposeful Consumer segment

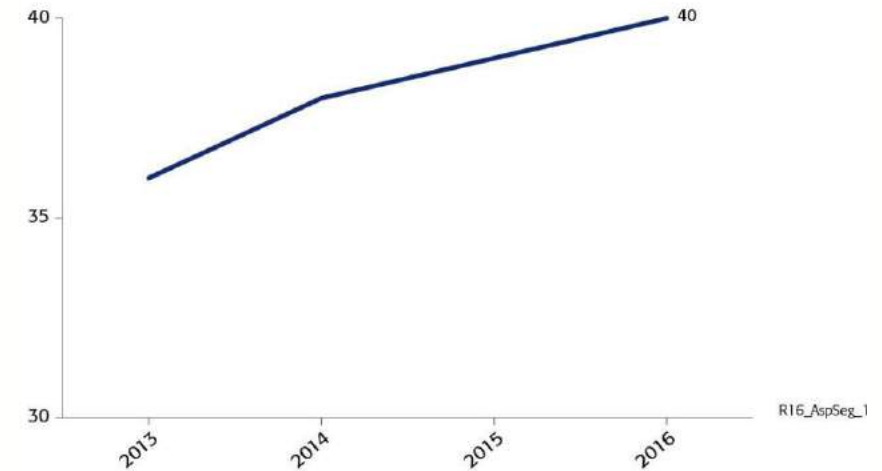
Consumer Segmentation

Average of 21 Countries, 2016



Aspirationals Segment Size

Average of 20 Countries Asked Each Year,* 2013–2016



*Includes Argentina, Australia, Brazil, Canada, Chile, China, France, Germany, Ghana, Greece, India, Indonesia, Kenya, Mexico, Nigeria, Pakistan, Peru, Spain, Turkey, UK, and USA
Not all countries were asked in all years.

Aspirationals are everywhere, but are particularly prominent in the emerging markets

Percent of Population Who Are Aspirationals
By Country, 2015





Consumerism and Fair Trade

IDEAS - APPLIED

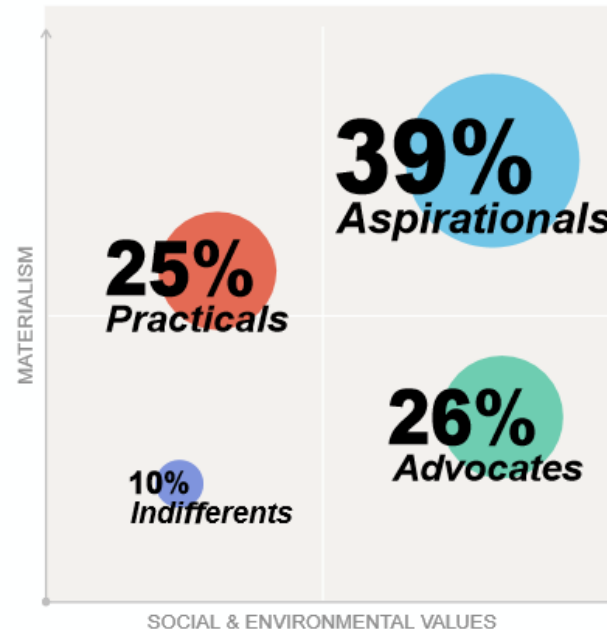
Ways of Engaging Consumers

Ethical Consumerism requires **Better Marketing**

- Segmentation is Key: ethical consumerism and sustainability traditionally target - and preach to the converted:

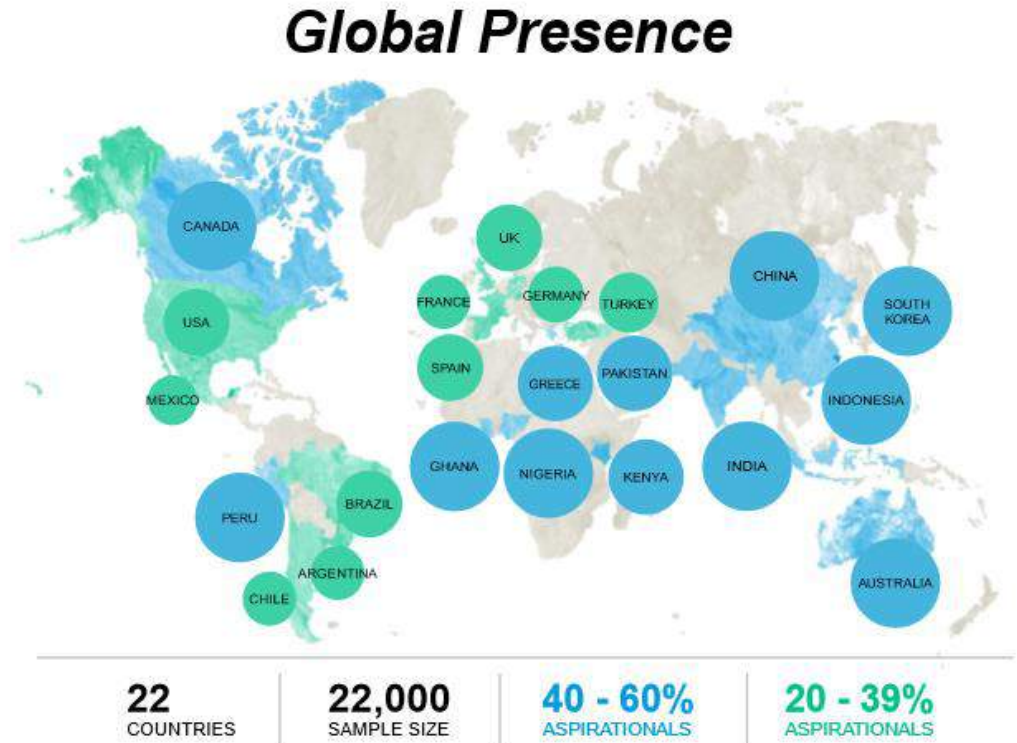
- Advocates – rewarding and punishing brands
- and Practicals – recycling, discounts

Global Consumer Segmentation



Ethical Consumerism requires **Better Marketing**

- These groups are not growing and are not the future (mostly baby boomers – born 1950-70)
- Aspirational consumers are the largest and growing group
- This group loves to shop, and consists for a large deal of Millennial's (born 1980-2000)
- Especially in Asia – this is the group to target. Increasingly, companies are doing this



Segments and Values – Drivers and Behavior

	Aspirationals (39%)		Practicals (25%)	Advocates (26%)	Indifferents (10%)
Key motivator	Style	65% care a lot about how they look	Product efficacy	Responsibility and guilt	Convenience
Core Value	Product efficacy	82% would buy more sustainable products if they performed comparable to and/or better than their usual brand	Credibility, proof	It's worth paying for	Individualism
Signature behavior	Shopping	70% say "shopping for new things makes me happy"	Recycling	Rewarding and punishing brands based on practices	Skepticism
Important lever	Community of peers	53% would buy more sustainable products if this connected them to a community of peers with shared values	Rewards, promotions	Knowledge of positive impact	Word of mouth

GENERATION FAIRTRADE

• TAKING ACTION •

SHARING AND ADVOCATING



78% WOULD TAKE AN ACTION ONLINE TO SUPPORT A GOOD CAUSE, SUCH AS SIGNING AN ONLINE PETITION OR SHARING LINKS WITH FRIENDS

GETTING INVOLVED



44% WOULD VOLUNTEER TO SUPPORT A GOOD CAUSE



72% WOULD CHOOSE TO BUY AN ETHICAL PRODUCT

"GETTING INVOLVED IN SOCIAL MEDIA IS A REALLY POWERFUL WAY OF SPREADING YOUR MESSAGE!"

~ 19 YEAR OLD, NORTH WEST ENGLAND

► Findings from a new Fairtrade Foundation / GlobeScan survey that shows UK teens care about ethics and want businesses to act more responsibly.

The Fairtrade Foundation is an independent certification body which licenses the use of the FAIRTRADE Mark on products which meet international Fairtrade standards. GlobeScan is a research consultancy providing global organizations with evidence-based insights across reputation management, sustainability and stakeholder relations.

For more information, please contact Abbie Curtis, Project Manager at: abbie.curtis@globescan.com



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GENERATION FAIRTRADE

•LOOKING TO THE FUTURE•



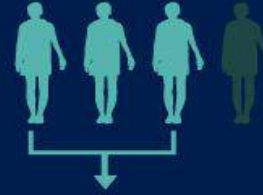
62%

OF GENERATION FAIRTRADE (UK TEENAGERS) WOULD LIKE TO SEE MORE FAIRTRADE PRODUCTS AT HOME



55%

OVER HALF BELIEVE THAT THERE WILL BE INCREASING DEMAND FOR FAIRTRADE AND MORE FAIRTRADE PRODUCTS AVAILABLE IN THE FUTURE



3 OUT OF 4

TEENAGERS WANT TO BUY AND USE MORE SUSTAINABLE PRODUCTS, MEANING MORE ETHICAL CONSUMERS IN THE FUTURE

"FAIRTRADE NEED TO EXPAND THEIR PRODUCT RANGE. THIS HAS HAPPENED OVER THE LAST FEW YEARS BUT THERE IS STILL SCOPE FOR FURTHER EXPANSION."

~ 15 YEAR OLD, YORKSHIRE AND THE HUMBER, ENGLAND

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GENERATION FAIRTRADE

•THE TRUST GAP•

82%

45%

MOST UK TEENS SURVEYED SAID THEY THINK COMPANIES NEED TO ACT MORE RESPONSIBLY

BUT FEWER THAN HALF SAID THEY TRUST COMPANIES TO BEHAVE ETHICALLY



1 OUT OF 10

BELIEVE GOVERNMENTS AND COMPANIES WILL IMPROVE CONDITIONS TO THE EXTENT THAT THE FAIRTRADE MOVEMENT WILL NO LONGER BE NEEDED

“WE NEED TO GET BIGGER COMPANIES TO SIGN UP TO FAIRTRADE”

~18 YEAR OLD, WALES

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GLOBE SCAN

So?

There is a growing market for ethical products, but this market is mostly reviewed from a supply side rather than a demand perspective

Most consumers are followers, not leaders

Empower change-agent leaders through collaboration

Education is not enough on its own, and civil society can't do it all

Resist price premiums: ethical consumers should not be responsible for compensating perverse subsidies / partial-costing

Change the rules of engagement from less to more, from sacrifice to success

Implications / Recommendations

Conduct Market Research and use Marketing – similar to successful companies

Treat the ethical consumer as any other consumer

- ❖ Segmentation
- ❖ Messaging
- ❖ Medium / channels – leverage digital and mobile

Follow successful brands – copy what is relevant

- ❖ Engagement
- ❖ Something to believe in, to belong to
- ❖ Platform for action

Partnerships

- ❖ Companies have the scale and money for successful marketing
- ❖ NGO's and ethical organization have the trust of the public
- ❖ Collaboration is a Win-Win

Destination, not the Journey

