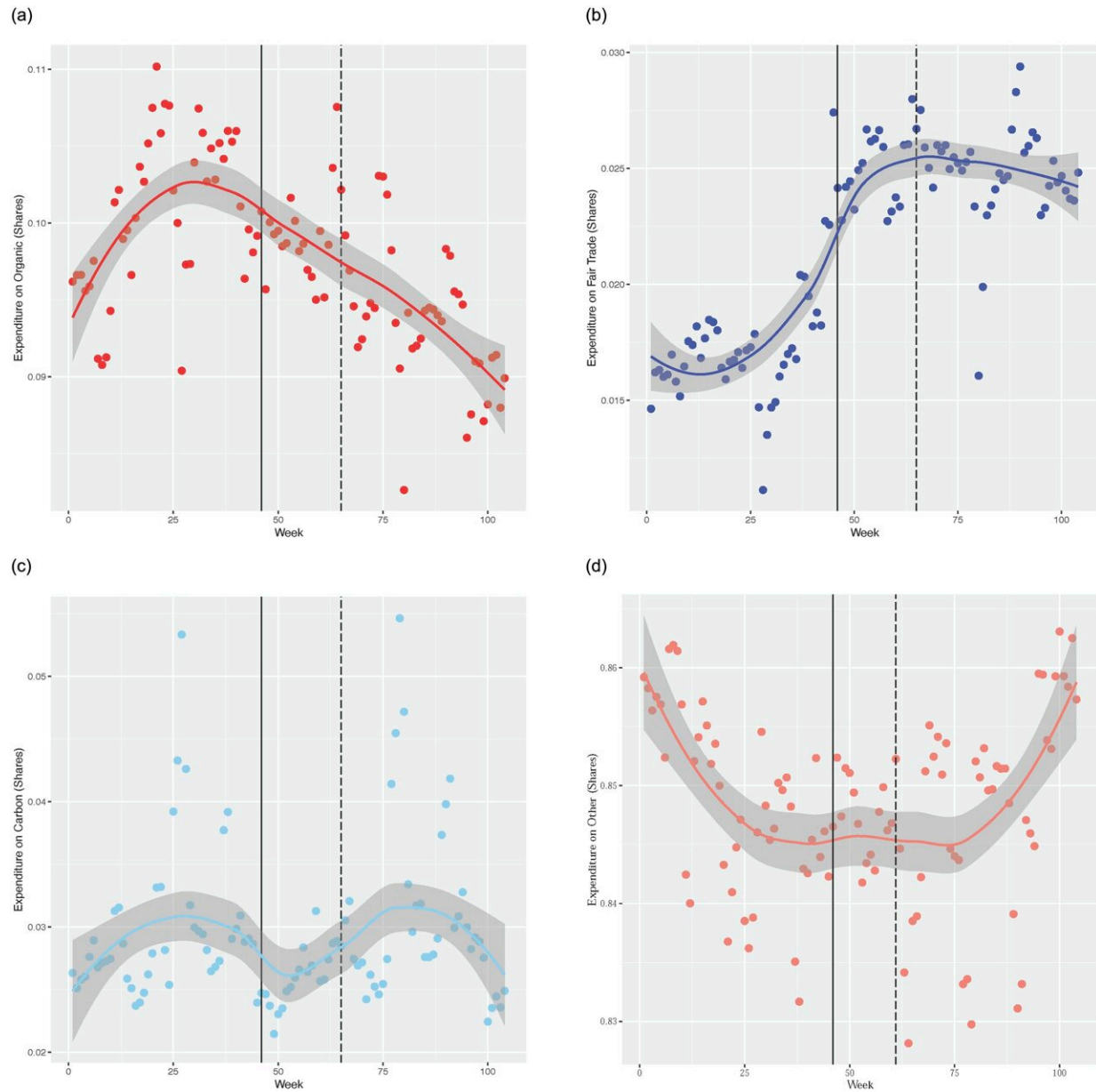


Study shows how ethical brands fare in a recession

December 4 2023



Shows the loess fit on expenditure shares of various eco-labelled product categories on the vertical axis over time in weeks on the horizontal axis. A dashed vertical line in our diagrams marks week 65. We consider this week as the week of the onset of the recession. A solid vertical line in our diagrams marks week 46 which is the week in which the supermarket chain began applying carbon labels on the first of several products. (a) Organic expenditure shares. (b) Fair trade expenditure shares. (c) Carbon expenditure shares. (d) Other expenditure shares. Credit: *PLOS ONE* (2023). DOI: 10.1371/journal.pone.0294167

A new study from the University of East Anglia reveals why some 'eco goods' may fare better than others as a UK recession looms. The new study, published today, shows that when money gets tight, people are more likely to keep up more expensive ethical purchases like buying fair trade products.

The study is one of the first to look at ethical purchases using actual market data from a major UK supermarket chain.

Lead researcher Dr. Jibonayan Raychaudhuri, from UEA's School of Economics, said, "As a possible UK recession looms closer, we wanted to better understand how people's spending might change—especially when it comes to purchasing ethical products—like fair [trade](#) coffee or 'dolphin-friendly' tuna."

The team studied the impact of the [economic recession](#) of 2008 on consumer expenditure on eco-labeled food products.

They used UK supermarket loyalty card data and showed that the recession had widely different effects on the spending share of different types of eco-labeled groceries.

Dr. Raychaudhuri said, "We found that the amount shoppers spent on [organic products](#) declined, but the amount they spent on fair trade products increased over the same period."

"It's really interesting that the consumption of some eco-labeled goods—namely fair trade products—held up during the recession."

"It's really surprising because we expected that consumers would change their spending during an [economic downturn](#), with the sales share of all eco-labeled products falling—as they tend to be more expensive."

"We think that in a [recession](#), some consumers become relatively less price sensitive and instead focus more on the public good qualities of products. These public good attributes, therefore, become more salient or important for consumers."

"Alternatively, shoppers may be fueled by moral motivations, and those who regard themselves as socially responsible will want to maintain that identity."

"Although we studied data from 2008, we would expect to see similar results today as inflation increases and real wages erode."

"What this means for shop and brand managers is that labeling products clearly for their corporate social responsibility credentials could help maintain sales."

"The good news is that, recently, we have seen pay packets stage a mini-recovery, and so this will perhaps further alleviate the fall in eco-labeled consumption expenditure," he added.

This research was led by the University of East Anglia in collaboration with Prof Ada Wossink from the University of Manchester.

"Ecolabels and The Economic Recession" is [published](#) in the journal *PLOS ONE*.

More information: Jibonayan Raychaudhuri et al, Ecolabels and the economic recession, *PLOS ONE* (2023). [DOI: 10.1371/journal.pone.0294167](#)

Provided by University of East Anglia

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