

# ***Ethical product trends in South Africa 2013***

A major obstacle for organisations promoting ethical products is the lack of market information. This is why The Trade for Development Centre (TDC - a programme of the Belgian Development Agency), decided to have market researches conducted on ethical, sustainable products in different developing countries within the framework of its Producer Support Programme.

The key objective of this consumer survey carried out by Nielsen in South Africa is to provide organisations that promote Fairtrade, like producers and traders of Fairtrade products as well as organisations promoting ethical consumption in South Africa, with information that allows them to :

- Formulate their medium and long-term business plan and marketing strategy
- Ensure effective support in the ethical supply chains.

More specifically, the research has tried to:

- Analyse the South African consumers' awareness and perception of ethical products
- Comprehend how consumers shop and on what they base their buying decisions.
- Identify the gap in the market between current and interested consumers and define how to target these consumers



The 1507 respondents reflect the population in urban areas (Kwazulu-Natal, Western Cape, Eastern Cape, Gauteng and Free State), from the age of 16 and within LSM's\* 5-10.

The full report is available free of charge on TDC's website.

## ***Executive summary***

### **Sustainability: awareness and understanding**

The South African population is not well informed regarding what sustainability entails (two thirds of respondents acknowledge they know very little about sustainability). Current belief is that it centers around environmental conservation only. Low association with economic growth is apparent.

There is a strong belief that we as individuals should do more to preserve our environment as well as ensure better working conditions for everybody.

However, there is also strong evidence to indicate that this is not a priority and under the current economic environment, managing personal expenses and getting more for their "buck" will take prevalence over supporting fair trade and sustainability projects.

Perishables and food products are more likely to be purchased based on sustainability. The main purchase drivers are quality, brand and price with sustainability being a fairly low trigger to purchase.

Woolworths is the retailer most associated with supplying sustainable products in-store. Sustainability is not a big driver to retail choice as the most preferred retailers are outscored in terms of sustainability by some niche players like Woolworths and Food lovers market.

SA businesses are seen to be on the right track, but there is still room for improvement in sustainable reporting measures and supporting local communities and small scale farmers.

**Moving forward:** Educating people on the personal and societal benefits of supporting sustainable practices would be the first step in growing the Fairtrade user base.

## Knowledge of ethical labels and certification systems

***In general the average South African has very little knowledge of ethical labels and other certification systems.***



Proudly South African enjoys the highest saliency and is generally correctly linked to the PSA logo.



This label has a number of influential partners in the government, para-statal, labour union and private sector which they have utilized to build brand credibility.



Awareness of Fairtrade is low (6% of the respondents) but those who are aware of this label correctly linked it to the Fairtrade logo thus the quality of awareness is high.



A large proportion of those aware of the brand have used Fairtrade products, however there is not a clear understanding of whether the logo presence motivated brand purchasing or whether the brand purchasing resulted in increased awareness of the logo.

**Moving forward:** Increase awareness of the Fairtrade proposition as well as products endorsed by Fairtrade. Recommended information sources: TV - SABC, Radio - Metro FM , Newspaper s- Huisgenoot & Drum, Community newspapers

## Expectations: Fairtrade

***South Africans showed increased interest in the Fairtrade proposition once the ideals were defined.***



The Fairtrade proposition resonated well with the audience.

The general expectation seems to be that these products should be clearly indicated in-store with the logo visible on the pack.

However there is no clear indication as to whether consumers would replace their current brand preferences with Fairtrade products.

The brand perceptions of the product that Fairtrade is linked with will also play a role in whether consumers will purchase it. If the brand is already highly regarded and well positioned in terms of price, the Fairtrade logo is likely to increase purchases of the product; if not, the Fairtrade logo's equity might currently be too weak to improve consideration of an unknown brand.

**Moving forward:** Having the Fairtrade logo on a product currently will have limited benefits for small market players. Increasing the saliency of the Fairtrade brand will automatically help increase credibility of linked small players. Similarly, if Fairtrade establishes a link with a well established brand, then that would automatically help the Fairtrade label increase its equity.

**Fairtrade products are believed to be unique in terms of quality and enhancing living and working conditions.**

In comparison to the total population, current Fairtrade users are skewed towards 16-44year olds and the upper LSM\* households of 7+. Rejecters are skewed towards the more mature age groups of 45-64 and females within the lower LSM 5-6 Households.

Even though future purchase propensity is fairly high there are early indications of a group of rejecters.

Fairtrade products enjoys high quality associations but some people believe that this would come at a premium price.

- Even though people indicated that they would be willing to pay more for this brand, this indication should be approached with a level of skepticism as most brand choices are based partially on price.
- Any price increase considered for these products should be carefully investigated and decisions made must ensure that the product is not priced outside of the consideration set of the consumer in the given category.

South Africans indicated that they would like to see more retailer support of small scale farmers and shown an interest in being educated on the small scale farming products available.

**Moving forward:** Understand the price elasticity of the product within the category and identify the ideal price point as well as the points at which the product would be rejected based on price. The premium added to a product by introducing the Fairtrade logo will be dependent on the brand's current positioning as well as the category in which it plays and will differ from product to product.

**Ethical products: trends interests & concerns**

Purchasing ethical products is not seen to be a priority for most South Africans.

There is a general concern that these products are the same as all other products but at a higher price. There is some questioning on the credibility of some endorsement logos.

Considering community enhancement and environmental conservation is not top of mind when people make product purchases as well as holiday decisions. This could be due to the lack of awareness of what they can do to make a difference or to the belief that if they support these organizations they would not be able to afford the product/holiday.

**Fairtrade tourism**



Going on holiday is an extravagance which few South Africans can afford (18% of the respondents have gone on a holiday last year).

As it is a significant expense, money considerations is a big influencer in holiday destinations.

Fairtrade practices and community upliftment comes as a nice extra but is not seen as a necessity when choosing a destination.

Fairtrade tourism is unknown among the South African population.

Once introduced to the concept South Africans associated it with environmentally friendly and fun holidays thus missing or disinterested in the community upliftment message.

*\*The Living Standards Measure divides the population into 10 LSM groups, 10 (highest) to 1 (lowest).*