

42 Fairtrade sales soar

Higher consumer demand teamed with higher prices led to a year of 'fantastic' growth, says Kantar

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The pandemic necessitated remote audits of producers – will it affect consumer trust?

44 B Corp certification

Graze, BrewDog and Innocent are now certified B Corps. How much of a boost can they expect?



Virtuous shoppers

Growth in Fairtrade was monumental last year. But can a rise in ethical purchasing survive the pinch on consumer spending?



Megan Tatum

Fairtrade has flown off supermarket shelves in the past year. Consumer appetite for products that carried the ethical stamp that total sales of Fairtrade products in retail even outgrew total grocery. In the 12 months to April 2021, value grew by 13.6% to more than £1bn, according to Kantar, compared with 11.1% for groceries overall.

It wasn't the whole picture for the certification scheme, of course. Categories reliant on the out-of-home market, such as coffee, saw major declines overall as hospitality ground to a halt, points out Anna Barker, head of commercial partnerships at The Fairtrade Foundation.

Plus, growth in retail wasn't just as a result of increased demand. A price hike in some commodities, including sugar, coupled with

a scarcity of in-store promotions during the height of the pandemic also pushed up average prices by 22%. That drove value growth at a faster rate than volumes.

But, according to Barker, the willingness of consumers to pay a premium is proof of the pandemic has delivered a real boost to awareness around the need for ethical and sustainable food and drink. "There is a higher awareness than ever of the impact of climate change, and of the challenges workers and farmers have faced," she says.

"There is a large majority that wants to do the right thing with their purchasing decisions"

So, what lies behind this shift in thinking? Is it a change for the long term? Or will ethics fall off shopping lists as restrictions ease and recession looms?

It's clear the pandemic marked a turning point for some consumers when it came to ethical food and drink. By the end of 2020, a survey by analysts GlobalData found around a third of consumers (29%) said sustainability or ethical ingredients mattered more to them as a result of the pandemic, and 18% said supply chain ethics were 'essential' when deciding which products to buy.

"What this represents is a very large proportion that wants to do the right thing with their purchasing decisions," says GlobalData analyst Ryan Whittaker. "This presents an opportunity to brands that prioritise ethical branding, sourcing and production."

The pandemic brought home both the vulnerability of supply chains and the

Forest of Hope; Making Children's Chocolate Sustainable

Kinnerton's latest confectionery innovation is forest friendly, fair to farmers and fun for families. Introducing: Forest of Hope.

Forest of Hope's core brand values are sustainability and traceability, with consumer insight sitting at the forefront.

Forest of Hope is a new sustainable kid's chocolate brand, creating a unique space in the children's chocolate category. In recent years, the adult chocolate category has undergone innovation and development in order to become more sustainable, however, Forest of Hope is the first brand to take this trend into the children's category and making a product that is innovative and affordable for all.

Research has shown that 95% of kids care deeply about protecting the planet. Forest of Hope is the first kid's chocolate brand to appeal to a wide range of consumers and attract new shoppers by appealing to existing confectionery shoppers as well as the next generation of consumers presenting a unique opportunity to inject growth into a declining category worth £95 million.



The first product range the brand has launched is a milk chocolate surprise egg which is the first sustainable surprise egg on the market. The range comprises nine delicious, nut-free eggs with each one featuring a surprise endangered animal native to Sierra Leone's Gola rainforest nestled inside. The Forest of Hope range is more than just chocolate. Each pack comes equipped with fun challenge cards to collect, activity games to complete, and educational facts to help children learn more about the rainforest presenting an opportunity for increased engagement with the product post-sale. Furthermore, all packaging used for Forest of Hope is 100% recyclable and contains zero plastic,

meaning it doesn't contribute to mass waste at landfills.

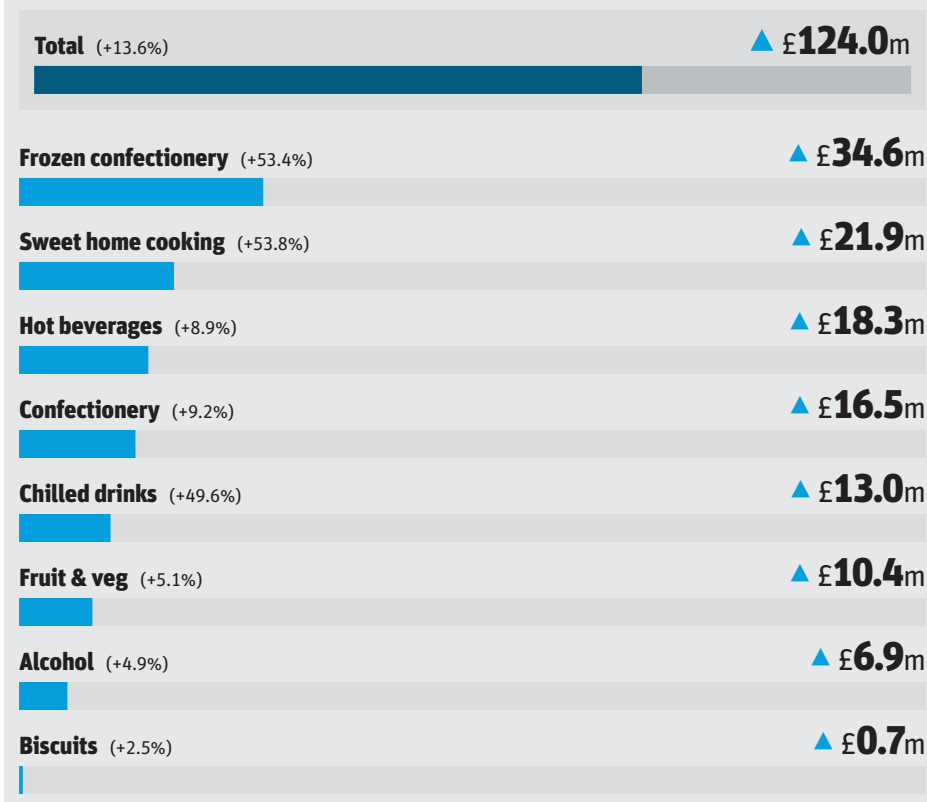
More and more, consumers are choosing Fairtrade products with research showing that 75% of shoppers will pick a Fairtrade product over an alternative. The brand prides itself by being fair to farmers as they purchase Fairtrade segregated cocoa beans directly from the Ngoleagorbu Cocoa Farmers' Union who grow their cocoa in harmony with the Gola rainforest to protect it and its endangered wildlife. As the cocoa beans are high quality and forest-friendly, the farmers can sell them for a premium as a reward for their role in protecting the rainforest and its biodiversity which creates a fair livelihood for farmers' families and enables local communities to build.

Forest of Hope launched in March 2021 and is available to buy in Co-Op, Holland and Barrett and Tesco Ireland, www.forestofhope.com and www.goodibox.shop. RRP £0.85. For more information, please contact Tara Stevens - t.stevens@zertusuk.com.





Surging demand: Fairtrade value growth by sector



Source: Kantar 52 w/e 18 April 2021

- Ninety-three per cent of households have bought at least one Fairtrade product over the past 12 months, with the average household buying 21 such products.
- That's fed "fantastic" value growth of 13.6% for Fairtrade goods, says Kantar analyst George Guterres. Price rises have been key.
- "Prices have increased, and a key driver has been a pull back on promotions," he says. "In some categories, brands are driving prices up, with own

label holding much closer to previous pricing levels."

- Premiumisation and a switch to larger packs pushed pack prices up by 15.6% in confectionery and 32% in fresh fruit & veg.
- Frozen confectionery, sweet home cooking and chilled drinks were among the categories to deliver both value and volume growth. That's thanks to a mix of higher prices, premiumisation and heightened demand.
- In future, both retailers and brands will need to

strike a careful balance on price, warns Guterres.

- "Brands will need to ensure they get the balance right on having a warranted price premium," he says. "Key to success will be whether enough shoppers prioritise ethics in their choices next year."

KANTAR

Kantar's Worldpanel FMCG service monitors consumer behaviour across Great Britain. Its primary panel tracks take-home purchases of 30,000 demographically representative households. Data on consumption habits, nutrition and out of home sales is collected through subsidiary panels. Visit kantarworldpanel.com for details.

"The pandemic gave everyone time to reflect on their consumption habits"

↳ collective impact of purchasing decisions, believes William Sankey, research & editorial director at The Good Shopping Guide. "Since the pandemic, we have noticed a marked step-change in consumer attitude towards ethical products and companies applying for accreditation to show their ethical credentials," he says.

"I think consumers have made the direct connection between the products they buy at the supermarket and their impact on animals, people and the environment. The pandemic gave everyone time to reflect on their consumption habits."

That had a knock-on benefit not just for Fairtrade but for a number of other certification schemes, too. Take products certified as organic. They've seen their fastest year-on-year growth in 15 years at 12.6%, according to the Soil Association.

The RSPCA Assured scheme, meanwhile, says continued growth means 12% of the terrestrial farming market in the UK is now accredited.

And a link between local produce and sustainability has also prompted three-quarters of consumers to call for greater choice from British farmers in supermarkets, according to a Waitrose report.

The hope is this spike in awareness will go some way to mitigate what has been a terrible year for many global producer groups. Three-quarters of Fairtrade wine in the UK comes from South Africa, for instance – but producers faced an export ban for many months in 2020.

Meanwhile, coffee producers faced a triple crisis of prices dropping amid the global closure of the hospitality sector, restrictions on their ability to produce and export amid social distancing protocols, and the impact of climate change. In Nicaragua, it's thought Storm Eta, which hit the country in November, wiped out 30% of coffee crops.

Future awareness

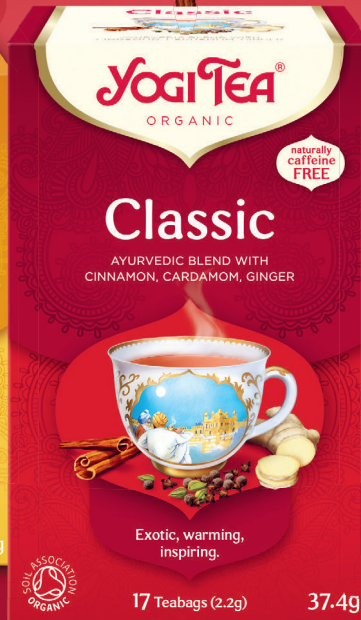
So, if ethical certification schemes are to capitalise on rising consumer awareness in the longer term, there are issues around consumer trust and confusion that need to be addressed, believes Susan Nash, trade communications manager at Cadbury owner Mondelez.

"While the global pandemic has led to Brits being more socially conscious than ↗

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How does B Corp status add value to a brand?

After only five years in the UK, the B Corp certification scheme has attracted some of the biggest names in food and drink, such as Innocent and BrewDog.

In 2020, it added no fewer than 25 names to its roster of “businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability”.

But what benefits does the B Corp stamp of approval really bring to a brand?

In total, 71 food and drink companies have successfully undergone B Corp’s rigorous assessment, which spans governance, workers, community,

environment and customers.

According to a recent report by the organisation, certified SMEs in the UK recorded 24% median growth in turnover from 2017 to 2019. That compares with an average of just 3% for all SMEs.

Away from the top line, B Corp says its members report greater opportunities to collaborate and network, as well as a greater ability to engage employees and attract talent.

Plus, “with household names championing the movement, and B Corp shop initiatives from Ocado, Waitrose and Boots, there is growing awareness of B Corp certification with consumers” adds a spokeswoman for the certification body.

For Graze, one of the fmcg companies to become a B Corp in the past year, the certification marked a “milestone” according to

chief brand officer Pia Villa.

“We’re really proud to have achieved our certification, as it gives us the external recognition of what we stand for as a brand,” she says”.

“We also understand how meaningful this certification is to shoppers as they become more inquisitive about the brands they buy from and what they stand for.”

To leverage this, the Unilever snack brand has made sure the B Corp logo is “easily visible” on pack and across campaigns.

This is echoed by one of the scheme’s longest standing members, Divine Chocolate. The brand “was early to the B Corp party” says sales director Jon Marlow.

“As a movement, B Corp is definitely increasing in awareness, and it’s a great way of being able to confirm to consumers we are a business that does things in the right way.”

“Shoppers are confused on what has an impact due to mixed messages around sustainability”

Ever before, Cadbury’s recent research has revealed shoppers are confused about what actions truly have an impact in everyday life due to the mixed messages around sustainability they’re encountering every day,” she says.

In fact, a survey of 2,000 shoppers by the supplier found just one in five were taking the time to look at the meaning of third-party logos and certification when choosing products.

Reports that many schemes were forced to switch to remote audits during the pandemic wouldn’t have helped alleviate uncertainty either.

But Barker insists this didn’t affect trust at Fairtrade. Though audits were carried out remotely where necessary, the organisation’s local networks meant “we were never left not knowing what was happening” she says.

Sankey echoes this. “While this has been an issue for some of the single-issue certification schemes during Covid, I don’t think this has changed consumer trust or confidence in ethical products. Consumers are probably more concerned about the ethics of their food supply in a post-Brexit market where individual trade deals may see a lowering of food standards and ethics.”

The far bigger risk, as Barker sees it, is that devastation wrought by Covid will see some products forced to opt out of Fairtrade. “Some producer groups we work with have been stretched to their limit, and that makes it very challenging to meet high standards.”

She predicts “producer groups having to decide whether or not to stay certified or just to make business-first decisions”.

Critical to that decision will be sustaining demand for ethical products, even where a price premium becomes less palatable in the face of economic challenges. They “will undoubtedly have an impact on people’s shopping decisions” says Bryan Martins, marketing & category director at Ecotone UK.

“We’re hoping the pandemic has enabled us to build back fairer, more resilient supply chains,” Barker adds. “It’s now inexcusable to ignore when farmers and workers don’t earn living incomes, have no safety net or wages to save for pandemics, or invest in agriculturally friendly practises. Our hope is that Covid has brought that home.”

It looks like the future of ethical goods is far from clear just yet.

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