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Do Consumers Care About Ethical Retailing?

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Once upon a time, shoppers in a store would glance at the price tag, perhaps the “made in” label or materials and ingredients, then decide whether to buy it. Nowadays, amid greater awareness about the environmental, social and geopolitical costs and impact of just about every

product—from eggs and coffee to electronics and sneakers—the shopping cart can be something of an ethical conundrum.

Worker rights and safety, living wages, health and safety, and environmental and social stewardship. These are some of the [key considerations for global corporations](#), especially apparel companies, concerned about the ethics of their business in an age when many consumers seem to want to wear their hearts on their sleeves.

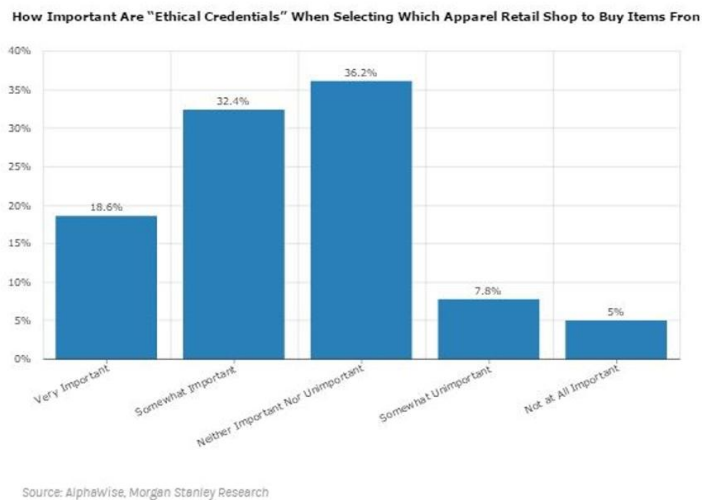
How much do these issues affect where consumers shop and what they buy? Morgan Stanley Research recently surveyed 1,000 customers in the UK for their views on leading clothing retailers and found that, while ethical concerns don't dominate shopping habits—prices and quality still rank highest—they have gained prominence since 2010, particularly with the critical younger consumer demographic.

“The nine percentage point increase in the number of consumers believing ethical credentials to be important is the biggest change of any item, along with the brand being popular,” says [Jessica Alsford](#), Head of Sustainable and Responsible Research at Morgan Stanley. The findings may also be significant for investors who

increasingly want to include [environmental, social and governance \(ESG\) factors](#) in the balance of their portfolios.

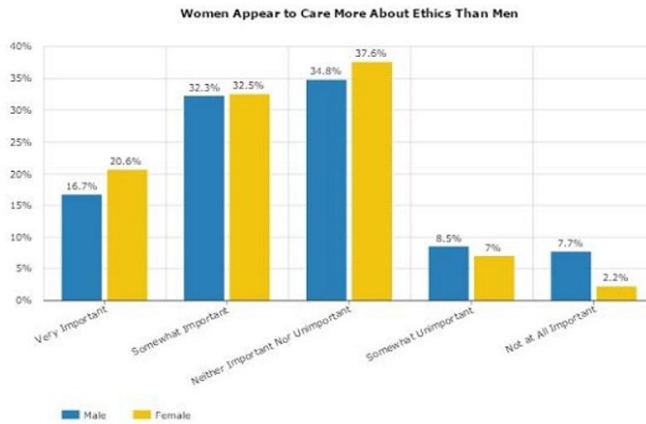
Here are six survey results to help frame the still evolving story of ethical retailing:

When choosing among apparel retailers, 51% of respondents said that ethical credentials were somewhat or very important, compared to just 13% who said they were somewhat unimportant or not at all important.



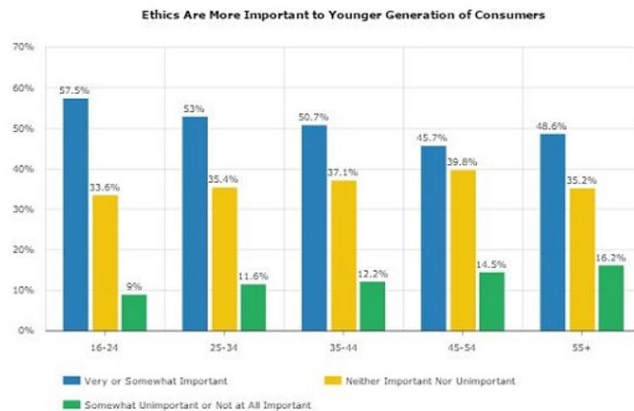
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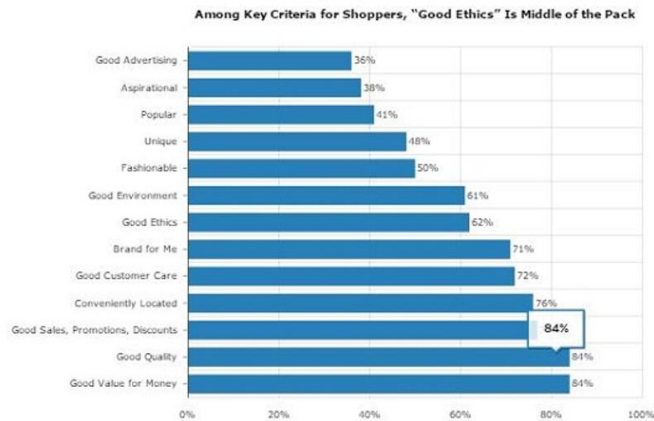
Source: Alphasense, Morgan Stanley Research

Younger consumers place more emphasis on ethics when shopping, with 58% of 16-24 year saying ethics are very or somewhat important, compared to 49% of those aged 55 or older. In addition, the percentage of respondents who view ethical credentials as somewhat unimportant or not at all important rises with age.



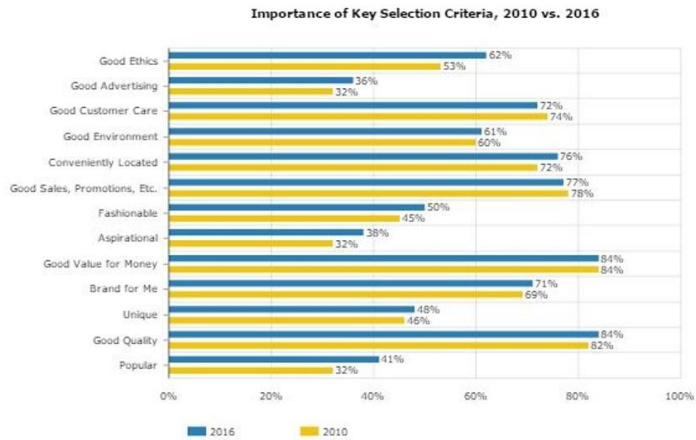
Source: Alphasense, Morgan Stanley Research

Where does “Good Ethics” stand among other key criteria that may influence consumer spending? At the moment, it’s still middle of the pack, with 62% saying ethics are important, nearly equal to having a good environment to shop in (61%).



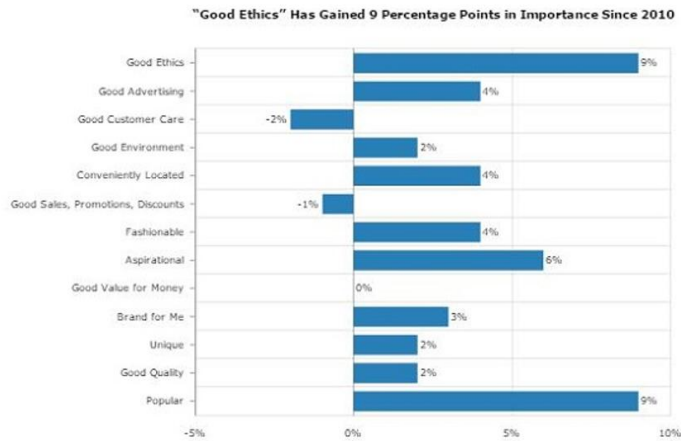
Source: AlphaWise, Morgan Stanley Research

Morgan Stanley’s AlphaWise* UK Apparel Retail survey, which has been running for the past six years, offers significant time-lapsed insight for a period during which more consumers have gravitated toward “Good Ethics” as part of their shopping criteria.



Source: Alphasense, Morgan Stanley Research

The nine percentage-point gain by “Good Ethics” as a category since 2010 marks the highest increase, alongside brand popularity.



Source: Alphasense, Morgan Stanley Research

For more Morgan Stanley [Research](#) on consumer attitudes toward ethical retailing, as well their responses toward specific retail brands, ask your Morgan Stanley representative

or [Financial Advisor](#) for the full report, “Ethical Retailing—Do Consumers Care?” (Jul 26, 2016). Plus, more [Ideas](#).

*Morgan Stanley AlphaWise conducts evidence-based investment research to help validate key investment debates on behalf of Morgan Stanley Research analysts worldwide.

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