

## DOWNSTREAM: Communication through environmental labels

### Description

Labelling schemes aim to fulfil consumer's right to information, and enable them to make an informed choice between the various products and services available (EC, 2004). They facilitate communication between producers and potential consumers, with the goal of promoting increased production and consumption of products that are more sustainable than mainstream goods and services.

Labels cover an increasingly wide range of issues that consumers are encouraged to use in their decision-making: organic products, fair trade and social labels, nutrition, food miles, CO2 emissions etc. On the one hand, these give consumers an opportunity to shop according to their values and priorities; on the other hand, it may be confusing for many people to decipher and use all this information in the "increasing jungle of labels" (Rubik et al, 2009: 26), or to differentiate between self-declarations that may involve "green-washing" compared with labels that are certified by a credible third-party organisation (Poncibo, 2007).

Third-party labels are used for e.g. organic products (Ø-mark, KRAV-mark etc.); fair-trade products (fair-trade mark); fish products (MSC); and eco-labelled products (Nordic Swan and EU flower). It can also be the manufacturers' or private labels of retailers' own brands and product lines with specific environmental requirements, e.g. "I ♥ ICA" or Ånglamark from Scandinavian Coop.

### Potential for positive environmental impact

Voluntary labelling schemes do have a role to play in promoting sustainable consumption: reliable and independent certification seems to be key in building consumer confidence in a label. In addition, labelling can be effective in driving significant improvements upstream in the production and supply chain; for example, energy efficiency labelling has played a crucial role in the environmental improvement of electrical appliances in Europe over the past decade.

The organic label ø-mark is the most widespread organic label in Denmark and has a very high recognition rate of 93% among consumers. It is a national governmental label which was introduced in 1990, with inspections carried out by authorities under the Ministry of Food, Agriculture and Fisheries (Rubik et al 2009:24). The effective control of organic standards by the Danish government has given the Danish public a high level of confidence in organic products: Danes have the largest per capita consumption of organic products within Europe (Rubik et al 2009).

### Prevalence and future potential

Voluntary labelling is one of the most common instruments for promoting sustainable consumption, and research shows that their positive impact on environmental and social sustainability is increasing (OECD, 2008). Labels are a good communication platform, because they are visually easily to recognize and therefore make it easier for consumers to find environmentally friendly / ethical products in the shops. Success of the labels is about two main aspects: credibility and knowledge (Schmidt et al. 2009).

The Nordic Swan, introduced in 1989, is one of the more successful voluntary labelling schemes, with high levels of consumer recognition and sufficient levels of influence to facilitate change from producers (OECD, 2008). The strengths of the Nordic Swan label include its coverage across the Nordic region, its large range of product categories (which means consumers only have to recognise one label throughout a store if they want to choose a more sustainable product), and government certification, which brings credibility and consumer confidence to the scheme.

Some large retailers and food producers have introduced CO2 labelling for food products, e.g. Tesco, Wal-Mart and Arla Foods (Paulavets, 2008).

Many Nordic retailers have organic and eco-labelled products in their private label series. In Finland Kesko, Inex Partners and Tuko all have Swan labelled products in their private label series. Also some fair trade and MSC labelled products. ICA has their own brand "I love eco" in Sweden and Norway. COOP in Sweden,



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Norway and Denmark have a common sustainability label Ånglamark, which include organic and eco-labelled products. See case study.

## Pros and Cons

### Pros:

- Labelling gives consumers the option of choosing more sustainable products.
- By promoting eco-labelled products, retailers are able to demonstrate their interest in sustainability issues to shoppers.

### Cons:

- Ecolabelled products are typically 10-50% more expensive than traditional products and some retailers choose to subsidise them. A political action is needed to make environmentally sound products competitive on the market. In Europe, the total number of food labels linked to quality claims exceed 90 (Tuncer, 2001), which is generating considerable confusion among consumers (Herrup, 1999; Karl and Orwat, 1999; Micheletti, Follesdal et al., 2006). There is thus an urgent need to harmonise labelling efforts at both national and international levels to avoid labelling systems failing to fulfil their original purpose of providing clear messages to consumers. This is particularly true in the case of carbon labelling of food products, where several member states and a number of retailers and food producers have developed independent methodologies (Paulavets, 2008).
- Labelling does not necessarily remove the least sustainable options, or make the more sustainable options attractive enough for most people to buy them, partly due to the high costs of these products. Although purchases of labelled goods are increasing their market penetration, this still represents a small minority of purchases.
- Consumers expect the least sustainable options to have been removed by governments or retailers (NCC and SDC 2006) and so may not feel it is their responsibility to "choose" sustainability. For example, instead of being pleased to have the option of choosing MSC certified fish, they may wonder why endangered species of fish are for sale in their local supermarket, and why the responsibility for protecting marine environments belongs with the shoppers, rather than retailers or governments.

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