



natural product

# Mark of success

Eco labels are becoming more popular as companies look to communicate their hard work on driving down the environmental impact of products. But do consumers even care and can these labels change purchasing decisions? Amy North reports

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**Retailers are making great strides to improve the environmental impacts of their products.** They are cutting down on packaging, sustainably sourcing ingredients, paying farmers better and making goods more energy efficient.

But with all this action going on behind the scenes, how do businesses convey this information to consumers in a clear and simple way? It seems all signs point to labelling. While the savvy shopper may take the time to read every single piece of information on a product, many will not. Efficient and effective labelling allows the consumer to glance at an item and know, instantly, about its credentials.

Recently, there has been a boom in the number of 'eco-labels' on the market. Voluntary or compulsory, on the front and back, for recycling, origins, energy and carbon there is a whole host of information being thrust upon consumers and while it is useful, is it too much? And can it really sway a consumer's decision?

In many cases it seems how environmentally friendly a product is, is not the first thing on the consumer's mind. It is, unsurprisingly, cost. Consumers like retailers have been hit hard by the recession meaning the price of the product is likely to take priority over its environmental impact. Despite this, there are still a group of consumers to whom environmentally friendly goods are high on the agenda and actively seek them out, which is made easier thanks to labelling.

Richard Dodd from the British Retail Consortium (BRC) explains: "It is fair to say it is not the key deciding factor of what people buy now, that is very much more about value which is particularly about price. But certainly there are a group of customers that are interested in all of this and that is probably bigger than it was 10 or 20 years ago."

However, eco labelling, like everything else on packaging is competing for space and may not take priority as manufacturers and retailers have to ensure they fulfil legal requirements by including nutritional and allergy information, ahead of optional extras.

Discussing eco labelling, Dodd says that while it is increasing in prominence it is important to make sure it is accessible to the consumer. "Eco labelling is definitely being explored and developed and we have seen that happening especially over the last few years. What we do need is to be confident that the information that is provided is reliable and gives a realistic representation of the environmental impact of that product and also that it is information that customers can use and want to know," he says.

Dodd adds that retailers and manufacturers are "extremely focused on delivering the big environmental prizes" which can be gained from looking at the entire lifecycle of products. He believes that giving customers this information through labelling is likely to be a significant part of packaging, making environmentally friendly choices and reducing negative impacts in the future.

The BRC has its own eco label – the on-pack recycling label. The voluntary scheme aims to help consumers to recycle more packaging and encourage local authorities to increase recycling for certain materials. First trialled by Asda in late 2007, and officially launched in 2009, the logo now features on 75,000 products.

## Sustainability

A host of Sainsbury's products feature the label. Commenting on the label's impact, Justin King, chief executive of Sainsbury's says: "The on-pack recycling label is the industry standard for communicating with customers. We need local authority support to move more materials into the 'widely recycled' category so that, together, we can really make a difference."

Sainsbury's uses a range of other eco labels such as: the Marine Stewardship Council's (MSC) sustainable fish label; the RSPCA's Freedom Food label; the Forest Stewardship Council's (FSC) mark; and, the Fairtrade logo. 22% of all UK Fairtrade sales come from Sainsbury's, which says it is the world's largest Fairtrade retailer.

The supermarket giant also uses a green dot 'Made with Sustainable Palm Oil' logo. The topic has been forced up the agenda recently with a number of brands ensuring that the palm oil used comes from sustainable sources. Sainsbury's fish fingers were the first food product to be made with sustainable palm oil from an RSPO (Roundtable on Sustainable Palm Oil) certified plantation. The retailer pledged in 2007 that it will only use certified sustainable palm oil in its own brand products by 2014.

King says customers are looking for more ethical produce. "The credit crunch has not led to a values crunch but to a strengthening of values, irrespective of income. The more economic pressure consumers have come under, the more important quality and ethics have become. From animal welfare, to British sourcing, consumers are sending a clear message that they want values as well as value."

## Footprint

As a retailer, proving that the business is delivering on these values can lead to a more loyal consumer base, according to the Carbon Trust which believes that customers are more likely to be faithful to a brand which can prove its green credentials.

Darran Messem, managing director of certification at the Trust, says: "From our own market research we know 56% of people would say they are more loyal to a brand if it can demonstrate it is taking steps to reduce its carbon footprint. It is not necessarily the case that customers want to understand the process for the carbon footprint but they do see value in the recognition for them to take action."





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“We can clearly show that labelling increases product preference and that the brands which carry those labels then have a higher level of credibility around their environmental credentials and that builds brand differentiation and brand loyalty.”

He adds that it is not just the public which take an interest in this and many products with the Carbon Footprint label are sold on the business to business market.

The Carbon Trust developed its own certification scheme and label which communicates carbon reduction achievements to the customer. A product can display the label if it has undergone the rigorous certification process to determine its carbon footprint. It is a project which should not be undertaken lightly and can take several years to get the data together. Despite this, a lot of hard work is being undertaken as the label is currently displayed on 28,000 stock keeping units. Products which carry the label include: SilverSpoon sugar, Quaker Oats and Pepsi.

“It is a label which follows certification. Our certification goes to a publically available, globally recognised internationally developed standard. This is a very rigorous, very different and very specific approach to measurement – it is quite difficult to achieve,” Messem says.

He adds: “What you see is that three quarters of people say that it is important that an organisation demonstrates its social responsibility and its environmental credentials and not only do they

demonstrate it they prove it. A lot of work we do on product carbon footprint certification is to enable organisations to accurately measure their greenhouse gas emissions and to show that they have measured them appropriately.”

Tesco had originally planned to equip all of its products with carbon footprint labels and began the painstaking process in 2007. But less than five years later in 2012 the supermarket giant dropped this pledge due to the sheer volume of work involved and the lack of take-up by other retailers.

Looking forward, Messem says he believes the eco label market will continue to expand. “I think we will go through a period of proliferation and then the market will consolidate and stall around those labels which do two things: one is they are for issues the consumers, retailers and producers generally care about and two is that the label is underpinned by transparent and robust methodology,” he concludes.

## Energy

One label which is unlikely to disappear any time soon is the energy efficiency label for white goods, which is required under EU law. It is found on washing machines, tumble dryers, fridges and freezers, dishwashers, electric ovens, air conditioning units and energy saving light bulbs. The ratings range from A (or A+++ for fridges and freezers) for the most efficient products to G for the least efficient, based on energy consumption.

This system can be confusing to consumers as the energy labels are not comparable across different types of products due to the test used for calculating its energy rating. The directive under which the energy label falls is due to be reviewed in 2014, although there is no obligation to change it from how it currently stands. The Association of Manufacturers of Domestic Appliances, the UK trade association which represents manufacturers of small and domestic appliances, is hoping for changes.

Looking at what the new regulation could hold Sian Lewis, associate executive for AMDEA, says: "If it were agreed that there should be a change AMDEA would like to see an open-ended scale that would allow for future improvements without this requiring the energy classes to be downgraded."

However with the rise of online shopping it seems there is some disparity between the online retailers and their high street counterparts. This could change though thanks to new regulation. Lewis explains: "The intention of the new regulation for online labelling information is intended to ensure that consumers who buy online will get the same information as if they buy in a shop. AMDEA would hope that this would encourage more consumers to be aware of their energy consumption."

Lewis explains that the use of energy labelling can be seen as a valuable marketing tool throughout Europe, and to a lesser extent, the UK.

## Marketing

The power of eco labelling as a marketing tool should not be underestimated and many retailers and brands are making bold claims about their work, some of which will be communicated by an eco label. More retailers are advertising the fact that they are taking action to reduce their environmental impacts and this is something that customers can directly see reflected by the products on the shelves.

Waitrose has recently pledged to have all of its fish independently certified as sustainable by 2016. The retailer explains that the MSC scheme is sufficient evidence of responsible fishing, with some of its goods certified under the scheme already.

Responsible and sustainable fishing has recently been shoved under the limelight thanks to a campaign called Fish Fight. Spearheaded by celebrity chef Hugh Fearnley-Whittingstall, the campaign aims to stop the waste of fish caused by the EU discards policy which sees edible fish wasted.

The MSC is also working on this front and has been for well over a decade. The Council's aim is to use its eco label and fishery certification programme to contribute to the health of the world's oceans by recognising and rewarding sustainable fishing practices.

Toby Middleton, MSC's UK country manager, says: "It is an issue that we know but it is also one that makes good strong business sense from an ethical and commercial perspective. No one wants to catch, sell or eat the last fish so from that point of view there is a strong case on all fronts to support sustainable seafood."

However, Middleton explains that some of the biggest progress with eco labels doesn't come off the back of large campaigns; it is more of a quiet process.

Discussing the certification programme, Middleton says: "Starting from the bottom up, globally all seafood captured runs at about 95 million tonnes and we have about 11 million tonnes in the programme so just over 10%. That equates to 400 different fisheries of all shapes and sizes around the world. In terms of the consumers, that amounts to 19,000 products in 104 countries."

The UK is one of the leading markets in this area with about 1,500 products sporting the MSC label. Middleton says there has been a strengthening in the retail sector in terms of the explicit commitment made to sourcing sustainable fish and a growth in the number of products certified.

From a consumer point of view, Middleton believes sustainably sourced foods and products should not cost more than their unsustainable counterparts. While this may not always be possible, the cost of sustainably sourced goods is spread across the supply chain meaning consumers don't take the full hit.

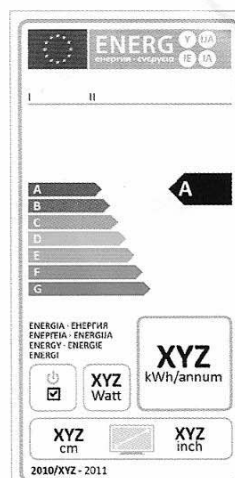
More broadly Middleton says consumers are thinking about their food – where it comes from and how it was grown and/or caught. Additionally, he says increasingly consumers are looking at convenience food options and sustainable sourcing shouldn't just be limited to fresh whole fillets of fish but should span the supermarket aisles from fresh fish, to tinned tuna and sandwiches.

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So it seems that eco labels are here for the long haul – which is no bad thing.

This market is likely to develop and grow as new issues gain prominence and new labels need to be developed to reflect the action being taken.

One thing we can be certain of is that retailers and manufacturers will continue to work hard to drive down the environmental impact of their products, which may not always be reflected in the labelling.



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