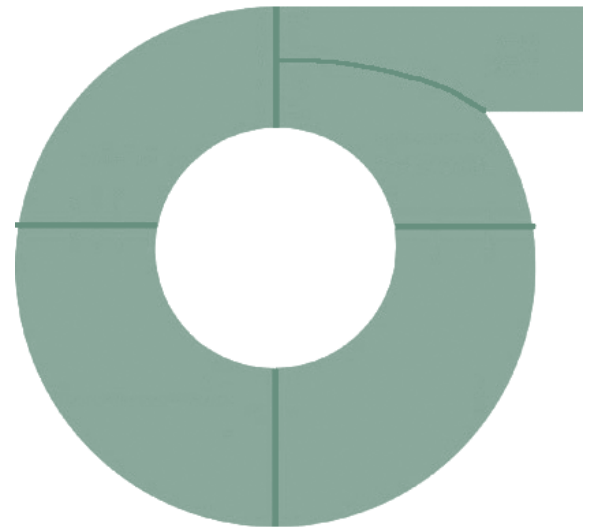




**MARKETING ENVIRONMENT LABELS:**

**A KEY COMPONENT OF MARKETING GREEN LEAD BATTERIES**  
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**GREEN**  
**LEAD**  
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**L O N D O N**



*A common failing with environment labeling schemes is the failure of their initiators to understand a basic reality. Unless consumers understand what claim is being made, what the benefit to them is & what the certification symbol relates to – in short what it's all about – then the full commercial benefit to the licensed user will be lost.*

*Environment labels, like any other products, need to be marketed to those they are intended to influence. There are too many examples of labels where all the attention and resources have been focused on technical issues like the standard and the system and little or none on explaining what it means.*

*Instead of an information point that benefits both consumer and manufacturer – it becomes more “irrelevant noise” lost in a clamoring market.*

**Michael Daddo, Managing Director  
M&C Saatchi 2003.**

Avoiding this carries with it obvious additional costs. In a scheme such as Green Lead, this could include the cost of process EMS certification, audits against the Green Lead Standard, payment of a Green Lead license fee and contributions to a marketing programme.

To ensure the success of environmental labelling and branding schemes for products, targeted market research should be undertaken to identify the elements necessary to market successful environment labelling schemes and to establish the feasibility of labelling and branding schemes addressing environmental issues of consumer concern in specific sectors and markets.

## **SUCCESSFUL CRITERIA FOR A GREEN LEAD ECO-LABELLING SCHEME**

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According to the International Social and Environmental Accreditation and Labelling Alliance (ISEAL, 2001) successful eco-labelling programs rely on:

- previous consumer awareness on the type of information contained within the label;
- third party certification;
- market structure;
- consumer willingness to pay for a premium labelled product;
- inexpensive and clear labelled format;
- the relevance and significance of the environmental criteria;
- marketing of the eco-label to inform the consumer of the meaning of the label, and to assist them to realise the market benefits of the product label; and
- re-examination of the criteria after a period of time to allow for changes to technology and new developments to be recognised and implemented in the production of the product.

In addition, labelling scheme companies should be transparent about their organisational structure. This includes the source of their funding, the board of directors and certification standards, publication of information, and establishment of inquiry points. Transparency will assist in satisfying consumer interest and trust in the eco-labelling scheme.

## **PRODUCER INTEREST AND UPTAKE**

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Producers need to be interested in the eco-label uptake. This is the forgotten end of labelling. Without broad producer uptake, the market cannot be supplied. This raises issues for production standards - if the bar is too high, too many producers will be excluded. If the bar is too low, there will be little competitive advantage for producers, and the label will not have the confidence of consumers.

Attracting producer interest in eco-labelling schemes may be dependent on the cost of participating in the program, the level of interest from the market and the respectability of the eco-labelling scheme.

Environmental interest is increasing in the market, and producers cannot ignore the importance placed on ecological sustainable practices by consumers. The market of environmentally sound products is expanding, and a more holistic multi-issues approach including protection of the environment, animal welfare, social benefits and health opportunities is being demanded. Producer interest in an eco-labelling scheme is therefore influenced by the demand provided by the market.

Producer interest may also be heightened by the possibility of increasing the company's public image profile, due to the production of an environmentally friendly product.

The cost of eco-labelling may also influence the producer interest and uptake to an eco-labelling scheme. The costs associated with participation in an eco-labelling scheme may include labelling fees, record management, high input costs, and the risk of reduced yield (Ravensworth and Blend 1997:21). Interest will therefore be limited to those producers who can afford to participate in the program.

Fees for participating in the eco-labelling ventures differ. Some third party auditors may waive the fee to encourage participation (de l'Unesco 2002:3). The cost of participating in an eco-label scheme will depend on the comprehensiveness of the environmental standards, and the precision with which they are measured. As de l'Unesco notes, ultimately producers have more incentive to eco-label their product and pay attention to the

environmental effects of their production process and the quality of their final product, as price premiums are often received for their products (de l'Unesco 2002:3).

The uptake of producers to an eco-labelling scheme will also be dependent on the approval criteria and the certification standards established by the eco-labelling firm. De l'Unesco states that to attract producers, criteria should not be too strict, as the producers will be reluctant to participate, and the environmental effects will be low (de l'Unesco 2002:6). Alternatively, relaxed standards could result in a flood of producers wishing to participate in the scheme, and it becomes difficult to distinguish between products.

## **ASSESSMENT OF PRODUCERS**

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The label needs to be able to test whether producers are achieving standards (Assessment of Producers). There are three types of assessment: Self-assessment, Association assessment, Third party Certification. Research suggests producers prefer the first option, while consumers trust the third especially where there is government involvement.

The certification process requires managing data sets, coordinating tests with laboratories, monitoring applicants products and practices, updating certification standards and records, and collecting producer data on production.

Eco-labels may be certified by a third party, government agency, ISO or the producer. The certification process may therefore differ according to the type of label.

## **MARKETING**

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Consumer recognition and confidence in a label have been shown to be key.

A survey undertaken by KPMG 2002 indicated that government labels are preferred by consumers rather than self-declaration labels and third party labels as the consumer place a high level of trust in government departments (KPMG 2002:19). This has however been disputed by other research which does not find the same level of confidence in governments, especially in relation to food assurance.

To increase the success of the ecolabel brand, and in turn increase the market uptake, KPMG Consulting have suggested that eco-labelling programs should:

- 🕒 recognise that the consumer is the target for product sales;
- 🕒 identify the specific consumer(s) that the product is trying to sell to;
- 🕒 determine how the product can add value to that customer; and
- 🕒 anticipate how the consumer is changing (KPMG Consulting UK 1997:40).

A re-occurring theme within the literature is that the “success of national and supranational eco-label schemes depends heavily on environmentally aware citizens who consider every day consumer choices as forming part of environmental sustainability (Jordan et al XXX:10). Research has found that eco-labelling programs have been more successful in countries or regions, which benefit from a higher level of consumer awareness of environmentally referable products (OCDE 1997). Consumer awareness of environmental issues is therefore an important feature of an eco-labels success.

Market interest and uptake is also dependent upon the ability of the eco-labelling scheme to communicate the meaning of the label. Consumers must be educated as to the information presented on the label, and its meaning. Market uptake will rely on the ability of the consumer to know and trust the label. The KPMG Consulting report (2002) states that “trust and awareness comes from the reputation of the labelling organisation, and not the producer (KPMG 2001:14). The importance of the branding strategy and activities is therefore also very important.

## CONCLUSION

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The success of an eco-label will be dependent on the ability of the eco-label to communicate its certification standards with consumers. The transparency of the label with regards to the certification company, source of funding, structure of the company and the criteria used will assist in increasing the credibility of the labelling company, and market power of the eco-label on the product. The knowledge and understanding of the consumers with regards to environmental issues will also heighten the marketing power of an eco-label on a certified product, versus a product that has been produced in a non-sustainable manner.

Eco-labels do however have limitations, as identified by KPMG Consulting UK 2002. The limitations of eco-labels as identified in their report include the issues of image and prominence:

- 🕒 an eco label is not a brand, and it will therefore never be a determining feature in the consumers purchasing criteria, when compared against the price and reputation of a brand; and
- 🕒 an eco-labels impact is tied to the consumers understanding of its message and belief in the credibility of the organisation behind the label.

The eco-label must therefore clearly state its message behind the certification, and be provided in market with an reasonable understanding and awareness of environmentally sustainable issues, which may incorporate a single issue or a combination of issues such as animal welfare, social responsibility, sustainable development. The eco-label should form part of a comprehensive set of environmental initiatives, have integrity with the market and other producers and educate consumers about specific issues or concerns.