



Are Ecolabels a Market Differentiator?

Ecolabels certify the environmental performance of products and services. To be certified with an ecolabel, the product or service must **demonstrate that it can reduce the overall environmental impact** of its production or use through by fulfilling specific, predefined criteria. In a sense, ecolabels are seals of approval that declare that a certified product is more sustainable and superior than functionally or competitively similar products.

Businesses, private organisations, and governments began developing ecolabels as a means to both encourage the consumption of more environmentally friendly products and encourage the use of sustainable production practices.

But, what are the most common advantages of ecolabels:

- They lead to stimulation of innovation as more sustainable products are invented to meet growing consumer demand.
- They contribute to the development of markets that cater to evolving consumer interests such as the environmentally aware consumer; the organic marketer and others.
- They create opportunities for education of consumers and manufacturers alike. By raising awareness of the impacts that consumer products have on the environment, they assist in engendering demand for less invasive and harmful products and services.
- They create new value chains by establishing new networks of production and encouraging manufacturers of various products or elements in the production process to work closely with one another
- They can be used by manufacturers to highlight and promote specific actions or processes, some of which could include:
 - ecolabelled products generally work as well – and even better than conventional products in many cases.
 - they also work out cheaper when used correctly because their composition requires less of the product to do the same work in the case of chemicals and cleaning products.
 - they certainly contribute to lower emissions all the way from manufacture to end-life management.
 - They contribute positively to the reuse and recycle sectors of the economy by providing an opportunity to repurpose and re-manufacture more sustainable products from existing waste.
 - They have less impact on the natural environment (air; water; land) than conventional products because the full life-cycle of products is evaluated and measured.
- They contribute to the monitoring of environmental claims by consumers and interest groups. In this way, they help in the fight against 'greenwashing' and the development, sale and end-use of harmful products and services.
- They are proven to influence consumer behaviour towards more environmentally friendly products. 'Greener' products and services are among the top consumer choice criteria and this is growing.
- They help promote economic efficiency in response to predefined standards by constantly evolving to meet current and future environmental objectives
- They are an important driver for economic support in the sustainability sector worldwide
- They represent a reallocation of the costs of environmental improvement by addressing the problems at source, rather than post-consumer.

However, Ecolabelling also has some unintended consequences, and these could include:

- Potential greenwashing when private, unregulated ecolabels are used and promoted by unscrupulous manufacturers, retailers and service providers. Growing awareness of ecolabel and the way to identify them is an important counter to this trend.
- Greedy manufacturers and retailers are creating consumer/producer disinterest in paying a premium for sustainable products. There is absolutely no reason to expect that ecolabelled products are more expensive to manufacture, but there are those that have decided to capitalise on consumer expectations – no matter how incorrect they may be.
- There is difficulty in proving a positive impact from ecolabelled goods because no comparative studies have really been done. There is also a lack of corporate or consumer tracking of the impacts and efficacy of ecolabelled products in relation to cost and effectiveness when compared against conventional products and services.
- The costs of certification in ecolabelling can be prohibitive, especially for smaller producers and certification bodies need to be aware of the knock-on effect of their costs to manufacturers.
- The perception that ecolabelled goods and services provide a basis for price markups is completely wrong and misleading. Often, the cost of manufacture, shipping and recovery of ecolabelled goods is less than that of conventional products, but the perception remains.

Can an ecolabel help you position your product in the marketplace.? Yes, it can and does, but remember that you are up against a considerable number of greenwashers, dishonest labels and unsubstantiated claims out there and you will need to leverage the power of ecolabelling to make a difference.