

Environmental Labeling and Marketing Related Background, Policies, Voluntary Standards, Consumer / Market Research

OVERVIEW, PURPOSE, AND AUDIENCE

Over the past decade issues and policies concerning the best practices for various types of environmental labeling and environmental marketing terminology have advanced both in the United States and globally.

Labeling and environmental marketing can be an effective tool, as one of several public policy tools, to assist with the eventual behavior change of an intended audience. It is important to note there are multiple types of labeling strategies, some of which work more successfully than others, depending upon the specific circumstances and needs of a given audience. One critical step is to ensure that the information provided is scientifically accurate, as well as relevant and meaningful for a given audience's decision making. Environmental labeling and marketing, as is true with labeling and marketing in general, can be one means to the end result of a more informed audience. These are potentially powerful information tools, but they are also only one implementation tactic of an overall policy strategy.

The purpose of this primer is to leverage the existing work on labeling by **pointing to references on:**

- how to identify the types of labeling and environmental marketing strategies and policies that are used in the marketplace both by government and others, under what conditions various types of labeling are best deployed, and what type of program can be used for an intended end result.
- selected existing government guidelines and voluntary consensus standards that may be applicable.
- some recent consumer (consuming public and federal purchasers) market based research that reveals information about purchasing related attitudes, perceptions, actual behaviors, and motivations.

Those interested in this information may be involved in developing or implementing policies and strategies designed to reach institutional purchasers, retail consumers, and others.

What follows is not a complete compendium rather, it is intended to be a selected collection of reference materials to serve as informational sources which could help in development of new labeling policies, practices, and programmatic strategies.

ABOUT ENVIRONMENTAL LABELING AND MARKETING CLAIMS

The term "environmental labeling" covers a broad range of activities used in the marketplace from business-to-business transfers of product-specific environmental information (including claims, declarations, and manifests) to environmental labeling in retail markets. Labels, as well as other labeling program activities, serve a variety of purposes and can target a number of different consumer or purchasing audiences – covering a gamut of government or institutional purchasers, those who purchase within a manufacturing supply chain, those making purchases of products and services, or those simply making a purchase at a retail outlet. Environmental labels and marketing information provide an opportunity to inform purchasers or consumers about product

characteristics that may not be readily apparent, but that nonetheless may be part of their decision making.

Additionally, labels allow purchasers and consumers to make comparisons among products. Armed with accurate and relevant information, consumers have the ability to reduce the environmental impacts of their daily activities by purchasing environmentally preferable products and minimizing their consequences during use and disposal. To the extent that environmental characteristics are an important element in a consumer's interests and decisions, labels can help purchasers and consumers vote their preferences in the marketplace and therefore potentially shift the market toward products that minimize environmental impacts. Label information can also help consumers to safely use and properly recycle or dispose of both products and packaging.

Examples of the types of environmental claim and labeling strategies currently in use in both government and non-government, mandatory and voluntary programs include:

- Information disclosures.
- Seal-of-approvals.
- Environmental certification programs.
- Hazard warnings.
- Product related claims.
- Cause related marketing.
- Promotion of corporate environmental activity or performance.

ABOUT GREEN PROCUREMENT

Green purchasing includes the acquisition of recycled content products, environmentally preferable products and services, biobased products, energy- and water-efficient products, alternate fuel vehicles, and products using renewable energy.

The U.S. federal government is the single largest consumer of goods and services in the U.S. - spending more than \$200 billion annually on goods and services. Federal green procurement and acquisition programs are recognition of the influence the United States, and in particular, the U.S. government, has on what products and services are produced due to this tremendous purchasing power. The green purchasing programs can work to leverage that influence to minimize environmental burdens and advance environmental stewardship, provided they are carefully designed to meet the needs of the intended audience, and ensure that the information provided is scientifically accurate.

SELECTED GUIDES

Guides for the Use of Environmental Marketing Claims

Federal Trade Commission

<http://www.ftc.gov/>

<http://www.ftc.gov/os/1996/9610/16cfr260.htm>

The FTC's Guides for the Use of Environmental Marketing Claims outlines four general principles that apply to all environmental marketing claims: (1) qualifications and disclosures should be sufficiently clear and prominent to prevent deception; (2) claims should make clear whether they apply to the product, the package or a component of either; (3) claims should not overstate an environmental attribute or benefit, expressly or by implication; and (4) comparative claims should be presented in a manner that makes the basis for the comparison sufficiently clear to avoid consumer deception. In addition, the guides address specific categories of environmental claims.

Each guide describes the basic elements necessary to substantiate the claim, including examples of qualifications that may be used to avoid deception. In addition, each guide is followed by several examples that illustrate different uses of the particular term that do and do not comport with the guides. In many of the examples, one or more options are presented for qualifying a claim. The guides state that these options are intended to provide a "safe harbor" for marketers who want certainty about how to make environmental claims, but that they do not represent the only permissible approach to qualifying a claim.

The Five Guiding Principles for Environmentally Preferable Purchasing

Environmental Protection Agency

<http://www.epa.gov/opptintr/epp/guidance/fivegp.htm>

Central to the EPA's Environmentally Preferable Purchasing program is EPA's Final Guidance consisting of five Guiding Principles established to help Executive agencies identify and purchase environmentally friendly products and services. Each principle is linked to a more detailed description in the Final Guidance.

International Standards on Environmental Labeling and Declarations

International Organization for Standardization

<http://www.iso.org/iso/en/ISOOnline.frontpage>

One grouping of the ISO 14000 series of standards is product-oriented. Within this group are standards on environmental labeling and declarations. As explained by the American Society for Quality, "The product-oriented standards are concerned with determining the environmental aspects and impacts of products or services over their life cycles and with the application of environmental labels and declarations on or to products. These standards are intended to help an organization gather the information needed to support planning for and decision making on its product/service and to communicate specific environmental information about a product/service to customers, end-users and other interested parties."

ISO had described three basic forms of environmental labeling approaches:

- Type I environmental labels are "voluntary multiple criteria third party programs" that award labels to products that meet certain criteria. They are, in essence, a "seal of approval."
- Type II environmental labels are "self-declared" information labels by manufacturers about specific environmental attributes.
- Type III environmental labels are "declarations generally based on a lifecycle approach," providing information about multiple attributes.

ISO has developed "standards" for Type I and Type II labels, and a technical report on Type III labels. In addition, they have created an umbrella "principles" guidance document that describes overarching elements that all programs should address.

The importance of ISO standards is that they represent the results of an international consensus process among governments, industry, and other stakeholders. As such, they have a variety of implications for international trade discussions.

A list of the published product-oriented ISO 14000 standards and guides is available on the ISO website.

SELECTED POLICY AND PROGRAM PRACTICES

Environmental Labeling Issues, Policies, and Practices Worldwide

Environmental Protection Agency

<http://www.epa.gov/opptintr/environmental-labeling/>

This website offers information about environmental labeling issues, policies and program practices worldwide. The site provides access to reports as well as links to other on-line resources related to environmental labeling.

Information on this site focuses on environmental labeling efforts aimed specifically at retail consumers; however, many of the labeling activities and programs covered have non-retail applications. The findings are expected to educate and inform those who may be directly affected (e.g., environmental policy makers, product manufacturers, organizations/governments making large purchases of consumer products) or indirectly affected (e.g., trade officials) by environmental labeling programs about the operation and development of environmental labeling programs. The information contained here should also advance the debate about the utility of which types of environmental labeling programs and strategies may be most appropriate to meet a specific result. For example, this site addresses: product related claims, cause related marketing, promotion of corporate environmental activity or performance, hazard warnings, information disclosures, seal-of-approvals, and environmental certification programs.

Organization for Economic Co-Operation and Development

<http://www.oecd.org/EN/home/0,,EN-home-0-nodirectorate-no-no-no-0,FF.html>

The OECD has been active in identifying, examining, and promoting strategies and policy approaches for improving the environmental performance of public procurement. This information can be accessed through the website.

SELECTED MARKET AND CONSUMER RESEARCH

Qualitative Measurement of Environmentally Preferable Purchasing Among Federal Employees in 2000

Environmental Protection Agency

<http://www.epa.gov/opptintr/epp/documents/docother.htm>

This study is the first phase in measuring the awareness of EPP among Federal employees and the extent to which they practice EPP. This report documents the qualitative analysis designed to measure the awareness and success of current EPP efforts and identify what motivates people to connect environmental considerations to their purchases of products and services. This work is done to:

- Better inform the EPP program how to better develop and deliver EPP outreach materials, including print and electronic media, for distribution within the Federal government.
- Help define the extent, to which Federal employees actually practice EPP—i.e., comply with the mandate.

Consumer Labeling Initiative

Environmental Protection Agency

<http://www.epa.gov/opptintr/labeling/>

EPA, industry, and other federal and state agencies and private groups worked together voluntarily to learn how to make important environmental information on household product labels easier to find, read, understand, and use. To make sure the labels on products in selected categories are doing the best job possible of providing consumers with the environmental information they want and need, the partners went around the country doing qualitative and quantitative research to learn directly from the consumers / users of products in the categories. The information learned from consumers is then used in the design of the actual label now on the retail store shelf.

It is important to point out that this efforts success was due to the tight alignment around the vision and goal among the EPA, the non-government partners, and the other federal co-regulators. The Food and Drug Administration, the Consumer Products Safety Commission, and the Federal Trade Commission were heavily involved in this project because of their experience in consumer research, product or food labeling, and market place environmental certifications and claims. EPA considered and included the advice and technical input of these three "sister" federal organizations because of their considerable expertise and mutual interest in protecting the health, safety, and environment for the American public. The co-federal partnership was a critical factor in success.

CLI is a different way of doing business for EPA. By putting consumer or purchaser's needs first, it made the environmental information of labels better and easier to use. By working together in a voluntary, cooperative program, EPA, its industry partners, and state participants realized a synergistic effect that resulted in all of the participants doing more, and doing it much faster than could have been accomplished through a traditional regulatory process – while still embracing the open, transparent and participatory principles embodied in typical regulatory processes. The results of the CLI have been initiated for warning labels on pesticide products, and the general consensus is that they are more effective than before the program was initiated.

Links to many sites containing related information are included.

Determinants of Effectiveness for Environmental Certification and Labeling Programs

EPA742-R-94-001 April 1994

Predating the proliferation of wide-spread environmental certification and labeling programs, EPA conducted this secondary research study to 1) evaluate the potential effectiveness of environmental labeling programs in the United States, and 2) identify the factors critical to the success of labeling programs. The results helped guide development of the US EPA's environmental labeling efforts and policies designed to strategically effect change of consumer and manufacturer motivations, perceptions, attitudes and behaviors toward those with believed to reduce environmental burdens.

The study evaluates the limited (i.e., limited at the time of the study) existing environmental labeling programs in the US and abroad. Proliferation of environmental labeling programs and the use of environmental marketing claims began to explode in the same time frame as this study. In addition, also evaluated were non-environmental labeling programs that possessed parallel designs and policy goals. Some examples of non-environmental labeling efforts analyzed include: Underwriters' Laboratories, Good Housekeeping Seal, American Heart Association's Heart Guide, the Food and Drug Administration's Nutrition Label, and the Surgeon General's Warning on cigarette packages.

Findings and conclusions in the study address environmental labeling effectiveness in affecting: 1) consumer awareness, 2) consumer acceptance (program credibility / consumer comprehension), 3) consumer behavior change, 4) manufacturer behavior change, and 5) the environmental end benefits.

SELECTED LABELING PROGRAMS

The following US EPA labeling programs are selected and offered for consideration by USDA as developmental case models to consider as the Biobased Products Labeling Program is created.

Pesticide Labeling Program

<http://www.epa.gov/pesticides/>

<http://www.epa.gov/pesticides/labeling.htm>

Since 1947 the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) requires the registration of pesticides and pesticide producers with the US EPA. Each of the pesticide active ingredients in use today must pass a set of health and safety standards in order to be approved for registration, or in the case of chemicals registered before 1984, a re-registration. As a part of registration or reregistration, the label of each product is reviewed and approved by the Agency. Registered products and manufacturers are tracked by the Agency.

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EPA's Water Program Point-of-Use Treatment Strategy

<http://www.epa.gov/oqwdw000/standard/pou.pdf>

The EPA's Office of Water has used a third party approach to certify treatment device products. The program requires that treatment devices must be covered by one of the standards listed in the rule. Additionally it is required that products selected must be independently certified according to NSF standards by an accredited laboratory. The rule goes on to list to consensus standards equipment that delivers drinking water. This is an example of how a third party certification can be used in standards, testing and product certification.

Contact:

Office of Water.

Energy Star Labeling Program

<http://www.epa.gov/nrgystar/about.html>

ENERGY STAR was introduced by the US Environmental Protection Agency in 1992 as a voluntary labeling program designed to identify and promote energy-efficient products, in order to reduce carbon dioxide emissions. EPA partnered with the US Department of Energy in 1996 to promote the ENERGY STAR label, with each agency taking responsibility for particular product categories. ENERGY STAR has expanded to cover new homes, most of the buildings sector, residential heating and cooling equipment, major appliances, office equipment, lighting, consumer electronics, and more product areas. The program includes a labeling strategy to communicate specific information about environmental efficiency.

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Labeling of Products Containing or Made With Ozone Depleting Substances

<http://www.epa.gov/ozone/title6/labeling/index.html>

Under section 611 of the Clean Air Act, manufacturers must label products either containing or made with ozone-depleting substances. These regulations currently apply to class I substances. Products containing or manufactured with class II substances will be subject to the labeling requirements no later than January 1, 2015.

Contact:
Office of Atmospheric Programs.

Comprehensive Procurement Guidelines

<http://www.epa.gov/cpg/>

RCRA Section 6002 requires each procuring agency to establish an affirmative procurement program for maximizing its purchases of EPA-designated items. The program should be developed in a manner that ensures that items composed of recovered materials are purchased to the maximum extent practicable consistent with Federal procurement law.

Through the Comprehensive Procurement Guideline (CPG), EPA designates items that must contain recycled content when purchased by federal, state, and local agencies, or by government contractors using appropriated federal funds. Under E.O. 13101 EPA is required to update the CPG every 2 years.

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